UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

[ ] 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, 2011**

Commission file number: **001-32482**

SILVER WHEATON CORP.

(Exact Name of Registrant as Specified in its charter)

Ontario, Canada	**1041**	**Not Applicable**
(Province or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code)*	*(I.R.S. Employer Identification No.)*

Suite 3150, 666 Burrard Street
Vancouver, British Columbia
V6C 2X8
(604) 684-9648

(Address and telephone number of Registrant's principal executive offices)

DL Services, Inc.
Columbia Centre
701 Fifth Avenue, Suite 6100
Seattle, WA 98104-7043
(206) 903-8800

(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, no par value	**New York Stock Exchange**

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:

353,499,816

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of 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.

[X] Yes [ ] No

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 (§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 [ ] No

The annual report on Form 40-F shall be incorporated by reference into the registrant's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (333-167567) under the Securities Act of 1933, as amended.

EXPLANATORY NOTE

Silver Wheaton Corp. (the "***Company***" or the "***Registrant***") is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***") on Form 40-F pursuant to the multi-jurisdictional disclosure system of the Exchange Act. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3.

FORWARD-LOOKING STATEMENTS

This annual report on Form 40-F and the exhibits attached hereto contain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking statements, which are all statements other than statements of historical fact, include, but are not limited to, statements with respect to the future price of silver and gold, the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, reserve determination, reserve conversion rates and any statements as to future dividends. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: fluctuations in the price of silver and gold; the absence of control over mining operations from which the Company purchases silver and gold and risks related to these mining operations including risks related to fluctuations in the price of the primary commodities mined at such operations, actual results of mining and exploration activities, economic and political risks of the jurisdictions in which the mining operations are located, changes in project parameters as plans continue to be refined; and differences in the interpretation or application of tax laws and regulations; as well as those factors discussed in the section entitled "Risk Factors" in the Company's annual information form (the "***AIF***") for the financial year ended December 31, 2011. Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to: the continued operation of the mining operations from which the Company purchases silver and gold, no material adverse change in the market price of commodities, that the mining operations will operate and the mining projects will be completed in accordance with their public statements and achieve their stated production outcomes, and such other assumptions and factors as set out herein. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements and forward-looking information contained or incorporated by reference in this annual information form are included for the purpose of providing investors with information to assist them in understanding the Company's expected financial and operational performance and may not be appropriate for other purposes. The Company does not undertake to update any forward-looking statements that are included or incorporated by reference herein, except in accordance with applicable securities laws.

CURRENCY

Unless otherwise indicated, all dollar amounts in this annual report on Form 40-F are in United States dollars. Based on the Bank of Canada noon exchange rate, the exchange rate of Canadian dollars into United States dollars, on March 22, 2012, was CDN$1.00 = USD$0.9997.

NOTE TO UNITED STATES READERS-
DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

On January 1, 2011, the Company adopted International Financial Reporting Standards (" ***IFRS***") for financial reporting purposes, using a transition date of January 1, 2010. The Company's audited annual Consolidated Financial Statements for the year ended December 31, 2011, including 2010 required comparative information (the "***Audited Financial Statements***"), have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("***IASB***"). Prior to 2011, the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("***previous GAAP***").

The AIF filed as Exhibit 99.1 to this annual report on Form 40-F has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("***NI 43-101***") and the Canadian Institute of Mining, Metallurgy and Petroleum (the " ***CIM***") – *CIM Definition Standards on Mineral Resources and Mineral Reserves*, adopted by the CIM Council, as amended. These definitions differ from the definitions in the United States Securities and Exchange Commission ("***SEC***") Industry Guide 7 (" ***SEC Industry Guide 7***") under the United States Securities Act of 1933, as amended. Under SEC Industry Guide 7 standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally extracted or produced at the time of the reserve determination.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally 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 contained in this annual report and the documents incorporated by reference herein containing descriptions of the Company's mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

ANNUAL INFORMATION FORM

The AIF is filed as Exhibit 99.1 to, and incorporated by reference in, this annual report on Form 40-F.

AUDITED ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

For the Company's management's discussion and analysis of results of operations and financial condition for the year ended December 31, 2011, see Exhibit 99.2 of this annual report on Form 40-F. The management's discussion and analysis included as Exhibit 99.2 is incorporated by reference into this annual report on Form 40-F.

Audited Annual Financial Statements

For our Audited Financial Statements for the year ended December 31, 2011, including the reports of the Independent Registered Chartered Accountants with respect thereto, see Exhibit 99.2 of this annual report on Form 40-F. Our Audited Financial Statements included as Exhibit 99.2 are incorporated by reference into this annual report on Form 40-F.

CERTIFICATIONS

See Exhibits 99.3, 99.4, 99.5 and 99.6 to this annual report on Form 40-F.

CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer ("***CEO***") and Chief Financial Officer ("***CFO***"), does not expect that its disclosure controls and procedures or internal controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Disclosure Controls

At the end of the period covered by this annual report, an evaluation was carried out under the supervision of, and with the participation of, the Company's management, including the CEO and CFO, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a – 15(e) and Rule 15d – 15(e) under the Exchange Act). Based on that evaluation, the CEO and the CFO have concluded that as of the end of the period covered by this annual report, the Company's disclosure controls and procedures were adequately designed and effective in ensuring that information required to be disclosed by the Company in reports that it files or submits to the SEC under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate, to allow for timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the period covered by this annual report on Form 40-F, no change occurred in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. 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.

Management conducted an evaluation of the design and operation of the Company's internal control over financial reporting as of December 31, 2011, based on the criteria set forth in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management has concluded that the Company's internal control over financial reporting was effective at the reasonable assurance level as of December 31, 2011. The management's report is included with the Audited Financial Statements, which are part of the Annual Report for the year ended December 31, 2011, attached as Exhibit 99.2 to this annual report on Form 40-F.

ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

The Company's Independent Registered Chartered Accountants have issued an attestation report on the Company's internal control over financial reporting as of December 31, 2011, included with the Audited Financial Statements, which are part of the Annual Report for the year ended December 31, 2011, attached as Exhibit 99.2 to this annual report on Form 40-F.

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Registrant sent during the year ended December 31, 2011 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

AUDIT COMMITTEE

The Company's Board of Directors has a separately designated standing Audit Committee established in accordance with section 3(a)(58)(A) of the Exchange Act. The members of the Company's Audit Committee are identified on page 66 of the AIF, included as Exhibit 99.1 and incorporated by reference herein. In the opinion of the Company's Board of Directors, all members of the Audit Committee are independent (as determined under Rule 10A-3 of the Exchange Act and the rules of the New York Stock Exchange) and are financially literate.

Audit Committee Financial Expert

John Brough is an "audit committee financial expert" (as such term is defined in Form 40-F), in that he has an understanding of generally accepted accounting principles and financial statements; is able to assess the general application of accounting principles in connection with the accounting for estimates, accruals and reserves; has experience preparing, auditing, analyzing or evaluating financial statements that entail accounting issues of equal breadth and complexity to the Company's financial statements (or actively supervising another person who did so); has an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. In addition, Mr. Brough is "independent" as that term is defined in the rules of the New York Stock Exchange.

CODE OF ETHICS

The Board of Directors has adopted a written Code of Business Conduct and Ethics by which it and all officers, directors and employees of the Company abide, including its principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. In addition, the Board of Directors, through its meetings with management and other informal discussions with management, encourages a culture of ethical business conduct and believes the Company's high caliber management team promotes a culture of ethical business conduct throughout the Company's operations and is expected to monitor the activities of the Company's employees, consultants and agents in that regard. The Board of Directors encourages any concerns regarding ethical conduct in respect of the Company's operations to be raised by employees to their immediate supervisor and to the Company's Chief Compliance Officer and by officers and directors to the Chairman and to the Company's Chief Compliance Officer.

It is a requirement of applicable corporate law that directors and officers who are a party to a material contract or transaction or proposed material contract or transaction with the Company, or who are directors or officers of, or have a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Company, must disclose in writing to the Company or request to have entered in the minutes of meetings of directors the nature and extent of his interest and, in the case of directors, they must not attend any part of a meeting of directors during which the contract or transaction is discussed and must not vote on any resolution to approve the contract or transaction, subject to certain exceptions. These requirements are also contained in the Company's bylaws, which are made available to the directors and officers of the Company.

All amendments to the code, and all waivers of the code, including an implicit waiver, with respect to any of the employees, officers and directors covered by it, will be posted on the Company's website within five business days of the amendment or waiver, submitted on Form 6-K and provided in print to any shareholder who requests them. The Company's Code of Business Conduct and Ethics is located on its website at www.silverwheaton.com.

PRINCIPAL ACCOUNTING FEES AND SERVICES-INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

Deloitte & Touche LLP acted as the Company's independent registered chartered accountants for the financial year ended December 31, 2011. See page 66 of the AIF, which is attached hereto as Exhibit 99.1 for the total amount billed to the Company by Deloitte & Touche LLP for services performed in the last two financial years by category of service (for audit fees, audit-related fees, tax fees and all other fees) in Canadian dollars.

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

See page 66 of the AIF incorporated by reference to this document as Exhibit 99.1.

OFF-BALANCE SHEET ARRANGEMENTS

The Company 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, or relationships with unconsolidated special purpose entities.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The information provided under the heading "Management's Discussion and Analysis — Contractual Obligations and Contingencies" contained in Exhibit 99.2 of this annual report on Form 40-F contains the Company's disclosure of contractual obligations and is incorporated by reference herein.

UNDERTAKING

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the SEC staff, and to furnish promptly, when requested to do so by the SEC 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.

CONSENT TO SERVICE OF PROCESS

The Company filed an Appointment of Agent for Service of Process and Undertaking on Form F-X with respect to the class of securities in relation to which the obligation to file this annual report on Form 40-F arises.

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

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, thereto duly authorized.

SILVER WHEATON CORP.

By:	/s/ Randy V. J. Smallwood
Name:	Randy V. J. Smallwood
Title:	Chief Executive Officer

Date: March 27, 2012

EXHIBITS

99.1	Annual Information Form of the Company for the year ended December 31, 2011
99.2	Annual Report of the Company for the year ended December 31, 2011, including Management's Discussion & Analysis and Annual Financial Statements (incorporated by reference to Exhibit 99.1 of Silver Wheaton Corp.'s Form 6-K filed with the Securities and Exchange Commission on March 23, 2012) (File No. 1-32482)
99.3	CEO Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.4	CFO Certification pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.5	CEO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.6	CFO Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	Consent of Deloitte & Touche LLP, Independent Registered Chartered Accountants
99.8	Consent of V. Spring
99.9	Consent of G. Watts
99.10	Consent of G. Pareja
99.11	Consent of P. Nahan
99.12	*Intentionally omitted*
99.13	Consent of M. Belanger
99.14	Consent of N. Burns
99.15	Consent of S. Mah
99.16	Consent of D. Pilotto
99.17	Consent of B. Stryhas
99.18	Consent of C. Elliott
99.19	Consent of G. Even
99.20	Consent of E. McLean
99.21	Consent of C. Scott

Exhibit 99.1



SILVER WHEATON CORP.

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2011

March 22, 2012

Suite 3150, 666 Burrard Street
Vancouver, B.C. V6C 2X8

SILVER WHEATON CORP.
ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2011

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INTRODUCTORY NOTES

Cautionary Note Regarding Forward-Looking Statements

This annual information form contains “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking statements, which are all statements other than statements of historical fact, include, but are not limited to, statements with respect to the future price of silver and gold, the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, reserve determination, reserve conversion rates and any statements as to future dividends. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Silver Wheaton to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: fluctuations in the price of silver and gold; the absence of control over mining operations from which Silver Wheaton purchases silver and gold and risks related to these mining operations including risks related to fluctuations in the price of the primary commodities mined at such operations, actual results of mining and exploration activities, economic and political risks of the jurisdictions in which the mining operations are located, changes in project parameters as plans continue to be refined; and differences in the interpretation or application of tax laws and regulations; as well as those factors discussed in the section entitled “Risk Factors” in this annual information form. Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to: the continued operation of the mining operations from which Silver Wheaton purchases silver and gold, no material adverse change in the market price of commodities, that the mining operations will operate and the mining projects will be completed in accordance with their public statements and achieve their stated production outcomes, and such other assumptions and factors as set out herein. Although Silver Wheaton has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements and forward-looking information contained or incorporated by reference in this annual information form are included for the purpose of providing investors with information to assist them in understanding the Company’s expected financial and operational performance and may not be appropriate for other purposes. Silver Wheaton does not undertake to update any forward-looking statements that are included or incorporated by reference herein, except in accordance with applicable securities laws.

Currency Presentation and Exchange Rate Information

This annual information form contains references to United States dollars and Canadian dollars. All dollar amounts referenced, unless otherwise indicated, are expressed in United States dollars. Canadian dollars are referred to as “Canadian dollars” or “C$”. The high, low and closing noon spot rates for Canadian dollars in terms of the United States dollar for each of the three years in the period ended December 31, 2011, as quoted by the Bank of Canada, were as follows:

	Year ended December 31		
	2011	**2010**	**2009**
High	C$1.0604	C$1.0778	C$1.3000
Low	0.9449	0.9946	1.0292
Closing	1.0170	0.9946	1.0466

On March 22, 2012, the noon spot rate for Canadian dollars in terms of the United States dollar, as quoted by the Bank of Canada, was US$1.00 = C$1.0003.

Silver Prices

The high, low, average and closing fixing silver prices in United States dollars per troy ounce for each of the three years in the period ended December 31, 2011, as quoted by the London Bullion Market Association, were as follows:

	Year ended December 31		
	2011	**2010**	**2009**
High	$48.70	$30.70	$19.18
Low	26.16	15.14	10.51
Average	35.12	20.19	14.67
Closing	28.18	30.63	16.99

On March 22, 2012, the closing fixing silver price in United States dollars per troy ounce, as quoted by the London Bullion Market Association, was $31.79.

Gold Prices

The high, low, average and closing afternoon fixing gold prices in United States dollars per troy ounce for each of the three years in the period ended December 31, 2011, as quoted by the London Bullion Market Association, were as follows:

	Year ended December 31		
	2011	**2010**	**2009**
High	$1,895.00	$1,421.00	$1,212.50
Low	1,319.00	1,058.00	810.00
Average	1,571.52	1,224.53	972.35
Closing	1,531.00	1,405.50	1,087.50

On March 22, 2012, the closing afternoon fixing gold price in United States dollars per troy ounce, as quoted on the London Bullion Market Association, was $1,635.50.

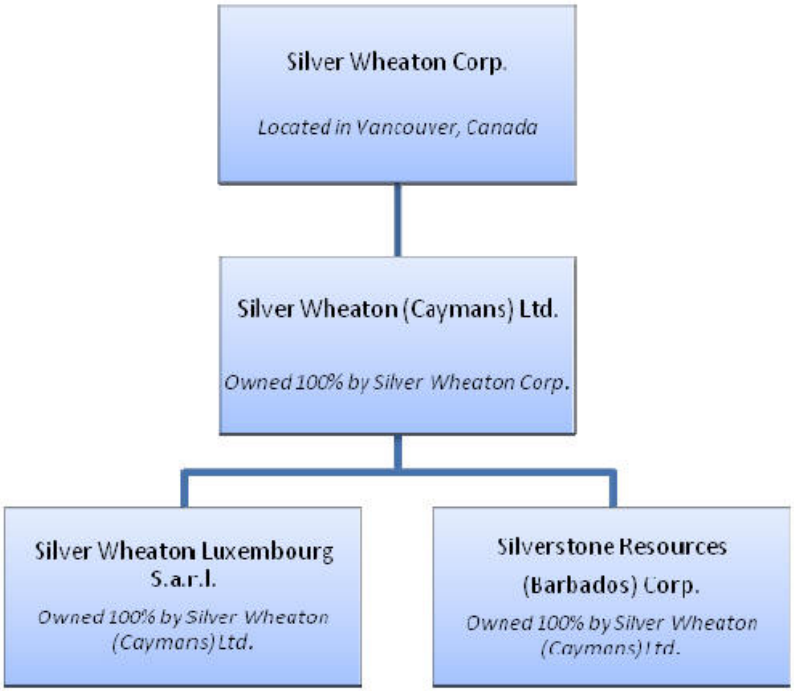
CORPORATE STRUCTURE

Pursuant to Articles of Continuance dated December 17, 2004, Silver Wheaton Corp. ("Silver Wheaton" or the "Company") was continued under the *Business Corporations Act* (Ontario).

The Company's head office is located at Suite 3150, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2X8 and its registered office is located at Suite 2100, 40 King Street West, Toronto, Ontario, M5H 3C2.

The Company's active subsidiaries are Silver Wheaton (Caymans) Ltd. ("Silver Wheaton Caymans") which is wholly-owned by the Company and is governed by the laws of the Cayman Islands, Silver Wheaton Luxembourg S.a.r.l. which is wholly-owned by Silver Wheaton Caymans and is governed by the laws of Luxembourg, and Silverstone Resources (Barbados) Corp. which is wholly-owned by Silver Wheaton Caymans and is governed by the laws of Barbados. As used in this annual information form, except as otherwise required by the context, reference to "Silver Wheaton" or the "Company" means Silver Wheaton Corp., Silver Wheaton Caymans, Silver Wheaton Luxembourg S.a.r.l. and Silverstone Resources (Barbados) Corp.

SILVER WHEATON AND ITS PRINCIPAL SUBSIDIARIES



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

San Dimas Transaction

On October 15, 2004, the Company entered into a silver purchase agreement (the "San Dimas Silver Purchase Agreement") with Goldcorp Inc. ("Goldcorp") to acquire an amount equal to 100% of the silver produced by Goldcorp's Luismin mining operations in Mexico (owned at the date of the transaction) for a period of 25 years. The Luismin operations consisted primarily of the San Dimas and Los Filos mines

On August 6, 2010, Goldcorp completed the sale of the San Dimas mine to Primero Mining Corp. ("Primero"). In conjunction with the sale, Silver Wheaton amended its silver purchase agreement relating to the mine. The term of the silver purchase agreement, as it relates to San Dimas, has been extended to the life of mine. During the first four years following the closing of the transaction, Primero will deliver to Silver Wheaton a per annum amount equal to the first 3.5 million ounces of payable silver produced at San Dimas and 50% of any excess, plus Silver Wheaton will receive an additional 1.5 million ounces of silver per annum to be delivered by Goldcorp. Beginning in the fifth year after closing, Primero will deliver a per annum amount to Silver Wheaton equal to the first 6 million ounces of payable silver produced at San Dimas and 50% of any excess. In addition, a per ounce cash payment of the lesser of $3.90 per ounce of silver (subject to an annual inflationary adjustment) or the prevailing market price is due, for silver delivered under the agreement. Goldcorp will continue to guarantee the delivery by Primero of all silver produced and owing to the Company until 2029. Primero has provided Silver Wheaton with a right of first refusal on any metal stream or similar transaction it enters into.

See "Description of the Business – Further Disclosure Regarding Mineral Projects on a Material Property – San Dimas Mine, Mexico" for details regarding the San Dimas Mine.

Los Filos Transaction

Silver Wheaton has an agreement with Goldcorp to acquire 100% of the silver production from its Los Filos mine in Mexico for a period of 25 years, commencing October 15, 2004. In addition, pursuant to Goldcorp's sale of the San Dimas mine, Goldcorp is obligated to deliver to Silver Wheaton 1.5 million ounces of silver per year until August 6, 2014 as noted under "San Dimas Transaction" above.

Rosemont Transaction

On February 11, 2010, the Company entered into an agreement with Augusta Resource Corporation ("Augusta") to acquire an amount equal to 100% of the life of mine silver and gold production from its Rosemont copper project (the "Rosemont Project") located in Pima County, Arizona. Silver Wheaton will make total upfront cash payments of $230 million, payable on an instalment basis to partially fund construction of the mine, once certain milestones are achieved, including the receipt of key permits and securing the necessary financing to complete construction of Rosemont. In addition, a per ounce cash payment of the lesser of $3.90 per ounce of silver and $450 per ounce of gold (both subject to an inflationary adjustment) or the prevailing market price is due, for silver and gold delivered under the agreement. Augusta anticipates that key operating permits will be received in 2012 and has provided a completion guarantee with certain minimum production criteria required to be met by specific dates.

Barrick Transaction

On September 8, 2009, the Company entered into a silver purchase agreement (the "Pascua-Lama Silver Purchase Agreement") with Barrick Gold Corporation ("Barrick") pursuant to which the Company agreed to purchase an amount of silver equivalent to 25% of the life of mine silver production from Barrick's Pascua-Lama project (the "Pascua-Lama Project") located on the border of Chile and Argentina, as well as an amount of silver equivalent to 100% of the silver production from its Lagunas Norte, Pierina and Veladero (Silver Wheaton's attributable silver production is subject to a maximum of 8% of the silver contained in the ore mined at Veladero during the period) mines until the end of 2013 (the "Barrick Transaction"). The Company will make total upfront cash payment to Barrick of $625 million (the "Upfront Payment"), of which $487.5 million has been paid to date. The remaining $137.5 million is due on the third anniversary of the Barrick Transaction. In addition, per ounce cash payments of the lesser of $3.90 (subject to an annual inflationary adjustment starting three years after achieving project completion at Pascua-Lama) and the prevailing market price is due for silver delivered under the Pascua-Lama Silver Purchase Agreement.

Barrick has provided the Company with a completion guarantee, requiring Barrick to complete the Pascua-Lama Project to at least 75% of design capacity by December 31, 2015. During 2014 and 2015, the Company will be entitled to the silver production from the Lagunas Norte, Pierina and Veladero mines to the extent of any production shortfall at the Pascua-Lama Project, until Barrick satisfies the completion test. If the requirements of the completion test have not been satisfied by December 31, 2015, the agreement may be terminated by the Company. In such an event, the Company would be entitled to the return of the Upfront Payment less a credit for silver delivered up to the date of such event. Barrick has also granted the Company a five year right of first refusal on any further metal stream sales in connection with the Pascua-Lama Project, where more than 50% of the value is derived from silver.

If, after Barrick satisfies the requirements of the completion test, certain political events occur in Argentina or Chile, including an expropriation of any part of the Pascua-Lama Project, the selective and discriminatory imposition of any law or war or insurrection, that results in Barrick losing all or substantially all of the rights, privileges or benefits pertaining to any part of the Pascua-Lama Project, then Silver Wheaton's entitlement to silver production from that part of the Pascua-Lama Project will be suspended until the political event ceases.

If, after Barrick satisfies the requirements of the completion test, certain political events occur in Argentina or Chile that would reduce Barrick's economic value of its investment in the Pascua-Lama Project by more than 50%, then Silver Wheaton's entitlement to silver production from the Pascua Lama Project and the uncredited balance of the Upfront Payment will be reduced to reflect the reduction of Barrick's economic value of its investment in the Pascua-Lama Project, until the political event ceases. If the political event continues for the term of the transaction, then Silver Wheaton's entitlement to the repayment of the uncredited balance of the Upfront Payment will be reduced to reflect the suspension of silver sales from the affected portion of the Pascua-Lama Project.

If, after Barrick satisfies the requirements of the completion test, any of Barrick's subsidiaries that own any part of the Pascua-Lama Project becomes insolvent or bankrupt, or Barrick's lenders exercise or enforce any security granted to them that results in Barrick losing all or substantially all of the rights, privileges or benefits pertaining to the Pascua-Lama Project, then the transaction will terminate and Silver Wheaton will be entitled to an immediate repayment of the uncredited balance of the Upfront Payment.

If Silver Wheaton fails to pay any portion of the Upfront Payment to Barrick, then Barrick may terminate Silver Wheaton's obligation to make any further payments of the Upfront Payment and reduce the amount of the Upfront Payment already paid to Barrick by the lesser of 20% of the amount already paid and $50 million. Following any such reduction, Barrick will continue to sell silver to Silver Wheaton in accordance with the terms of the transaction until the amount of silver sold to Silver Wheaton equals the reduced amount of the Upfront Payment, after which the transaction will terminate.

In November 2010, Argentina passed a federal glacier protection law that bans new mining exploration and exploitation activities on glaciers and in the "peri-glacial" environment, and subjects ongoing mining activities to an environmental audit. If such an audit identifies significant impacts on glaciers and the peri-glacial environment, the relevant authority is empowered to take action, which according to the legislation could include the suspension or relocation of activity. Barrick states in its 2011 year end Management Discussion & Analysis that it complies with provincial glacier protection legislation previously adopted by the Province of San Juan. In November 2010, as a result of legal actions brought against the National State by local unions, San Juan based mining and construction chambers and certain Barrick subsidiaries (and subsequently the Province of San Juan), the Federal Court in the Province of San Juan granted injunctions based on the unconstitutionality of the federal legislation, suspending the application of the federal legislation in the Province of San Juan and in particular as against Veladero and Pascua-Lama. The actions have been moved to the National Supreme Court of Justice of Argentina to determine the constitutionality of the legislation. As stated by Barrick in its 2011 year end Management Discussion & Analysis, the National Supreme Court of Justice of Argentina issued a decision that this case falls within its jurisdiction. The National State filed a remedy seeking revocation of the November 2010 injunction granted by the Federal Court in the Province of San Juan, which Barrick answered in June 2011.

See "Description of the Business – Further Disclosure Regarding Mineral Projects on a Material Property –Pascua-Lama Project, Border of Chile and Argentina" for details regarding the Pascua-Lama Project.

Acquisition of Silverstone Resources Corp.

On May 21, 2009, the Company completed the acquisition of all of the outstanding common shares of Silverstone Resources Corp. ("Silverstone") by way of a statutory plan of arrangement. Each common share of Silverstone was exchanged for 0.185 of a common share of Silver Wheaton (each common share of Silver Wheaton generally referred to herein as a "Common Share"), resulting in the issuance of approximately 23.4 million Common Shares. The following interests were acquired as a result of the acquisition of Silverstone:

Minto Mine – A precious metals purchase agreement to acquire 100% of the silver produced from the Minto mine (the "Minto Mine") in Canada, owned by Capstone Mining Corp. ("Capstone") and up to 30,000 ounces of gold per annum for the lesser of $3.90 per ounce of silver and $300 per ounce of gold (subject to an annual inflationary adjustment after three years) and the then prevailing market price per ounce of silver or gold. If gold production from the Minto Mine exceeds 30,000 ounces per year, the Company has committed to purchase 50% of the amount that production exceeds those thresholds for the same per ounce payment noted above.

Cozamin Mine – A silver purchase agreement to acquire 100% of the silver produced from the Cozamin mine (the "Cozamin Mine") in Mexico, owned by Capstone until 2017 for the lesser of $4.00 (subject to an annual inflationary adjustment after three years) and the then prevailing market price per ounce of silver. The payment per ounce of silver delivered from the Cozamin Mine may be subject to price adjustments in certain circumstances, the effects of which are being reviewed and are not determinable at this time.

Neves-Corvo Mine – A silver purchase agreement to acquire 100% of the silver produced from the Neves-Corvo mine (the "Neves-Corvo Mine") in Portugal, owned by Lundin Mining Corporation for the life of mine (nominal term of 50 years) for the lesser of $3.90 (subject to an annual inflationary adjustment after three years) and the then prevailing market price per ounce of silver.

Aljustrel Mine – A silver purchase agreement to acquire 100% of the silver produced from the Aljustrel mine (the "Aljustrel Mine") in Portugal, owned by I'M SGPS for the life of mine (nominal term of 50 years) for the lesser of $3.90 (subject to an annual inflationary adjustment after three years) and the then prevailing market price per ounce of silver.

Loma de La Plata Project – A debenture with Pan American Silver Corp. ("Pan American") (formerly with Aquiline Resources Inc.) convertible into an agreement to purchase 12.5% of the life of mine silver production from the Loma de La Plata (the "Loma de La Plata Project") zone of the Navidad Project in Argentina. On February 25, 2010, the Company elected to convert the debenture with Pan American into an agreement to acquire an amount equal to 12.5% of the life of mine silver production from the Loma de La Plata Project. As such, Silver Wheaton will make total upfront cash payments of $32.4 million following the satisfaction of certain conditions, including Pan American receiving all necessary permits to proceed with the mine construction. In addition, a per ounce cash payment of $4.00 per ounce is due for silver delivered under the agreement. Silver Wheaton and Pan American are in the process of finalizing the definitive terms of the agreement.

Long-Term Investments

At December 31, 2011, the Company held long-term investments with a market value of approximately $151.6 million. The Company owns more than 10% of each of the following companies, comprising $75.7 million of these long-term investments.

Bear Creek Mining Corporation

At December 31, 2011, Silver Wheaton owned approximately 13.3 million common shares of Bear Creek Mining Corporation (TSXV: BCM) ("Bear Creek"), representing approximately 14% of the outstanding shares of Bear Creek. At December 31, 2011, the fair value of the Company's investment in Bear Creek was approximately $46.2 million.

Revett Minerals Inc.

At December 31, 2011, Silver Wheaton owned 5.0 million common shares of Revett Minerals Inc. (TSX: RVM) ("Revett") and common share purchase warrants exercisable to acquire an additional 0.2 million common shares, representing approximately 16% of the outstanding shares of Revett. At December 31, 2011, the fair value of the Company's investment in Revett was approximately $24.5 million.

Sabina Gold & Silver Corp.

At December 31, 2011, Silver Wheaton owned 11.7 million common shares of Sabina Gold & Silver Corp. ("Sabina"), representing approximately 7% of the outstanding shares of Sabina. At December 31, 2011, the fair value of the Company's investment in Sabina was $44.2 million.

Other

At December 31, 2011, Silver Wheaton owned common shares and common share purchase warrants of several other publicly traded mineral exploration, development and mining companies. At December 31, 2011, the fair value of such other long-term investments was approximately $36.7 million.

DESCRIPTION OF THE BUSINESS

Silver Wheaton is a mining company which generates its revenue primarily from the sale of silver. The Company is listed on the New York Stock Exchange (symbol: SLW) and the Toronto Stock Exchange (symbol: SLW). In addition, the Company has common share purchase warrants that trade on the Toronto Stock Exchange (symbol: SLW.WT.U).

To date, the Company has entered into 14 long-term silver purchase agreements and two long-term precious metals purchase agreements whereby Silver Wheaton acquires silver and gold production from the counterparties for a per ounce cash payment at or below the prevailing market price. The primary drivers of the Company's financial results are the volume of silver production at the various mines and the price of silver realized by Silver Wheaton upon sale. Attributable silver and gold as referred to in this annual information form is the silver and gold production to which Silver Wheaton is entitled pursuant to the various purchase agreements.

The Company is actively pursuing future growth opportunities, primarily by way of entering into long-term silver purchase agreements. There is no assurance, however, that any potential transaction will be successfully completed.

Principal Product

The Company's principal product is silver that it has agreed to purchase pursuant to silver purchase agreements. The Company also acquires gold that it has agreed to purchase pursuant to precious metals purchase agreements. The following table summarizes the silver and gold interests currently owned by the Company (collectively, the "Mining Operations"):

Silver and Gold Interests	Owner	Location of Mine	Upfront Consideration [1]	Attributable Production to be Purchased		Term of Agreement	Date of Contract
				Silver	Gold		
San Dimas	Primero [2]	Mexico	$ 189,799 [3]	100% [2]	-	Life of Mine	15-Oct-04
Zinkgruvan	Lundin	Sweden	$ 77,866	100%	-	Life of Mine	8-Dec-04
Yauliyacu	Glencore	Peru	$ 285,000	100% [4]	-	20 years	23-Mar-06
Peñasquito	Goldcorp	Mexico	$ 485,000	25%	-	Life of Mine	24-Jul-07
Minto	Capstone	Canada	$ 55,296 [5]	100%	100% [6]	Life of Mine	1-Dec-08
Cozamin	Capstone	Mexico	$ 41,959[5]	100%	-	10 years	4-Apr-07
Barrick			$ 625,000[7]				
Pascua-Lama	Barrick	Chile/Argentina		25%	-	Life of Mine	8-Sep-09
Lagunas Norte	Barrick	Peru		100%	-	4 years [8]	8-Sep-09
Pierina	Barrick	Peru		100%	-	4 years [8]	8-Sep-09
Veladero	Barrick	Argentina		100% [9]	-	4 years [8]	8-Sep-09
Other			$ 544,303				
Los Filos	Goldcorp	Mexico	$ 4,463 [3 7]	100%	-	25 years	15-Oct-04
Stratoni	Eldorado Gold [10]	Greece	$ 57,500	100%	-	Life of Mine	23-Apr-07
Neves-Corvo	Lundin	Portugal	$ 35,350 [5]	100%	-	50 years	5-Jun-07
Aljustrel	I'M SGPS	Portugal	$ 2,451 [5]	100%	-	50 years	5-Jun-07
Mineral Park	Mercator	United States	$ 42,000	100%	-	Life of Mine	17-Mar-08
Campo Morado	Nyrstar NV	Mexico	$ 79,250	75%	-	Life of Mine	13-May-08
Keno Hill	Alexco	Canada	$ 50,000	25%	-	Life of Mine	2-Oct-08
Rosemont	Augusta	United States	$ 230,000 [11]	100%	100%	Life of Mine	11-Feb-10
Loma de La Plata	Pan American	Argentina	$ 43,289 [12]	12.5%	-	Life of Mine	n/a [13]

(1) Expressed in United States dollars, rounded to the nearest thousand; excludes closing costs and capitalized interest, where applicable.

(2) Until August 6, 2014, Primero will deliver to Silver Wheaton a per annum amount equal to the first 3.5 million ounces of payable silver produced at San Dimas and 50% of any excess, plus Silver Wheaton will receive an additional 1.5 million ounces of silver per annum to be delivered by Goldcorp. After August 6, 2014, Primero will deliver a per annum amount to Silver Wheaton equal to the first 6 million ounces of payable silver produced at San Dimas and 50% of any excess.

(3) On August 6, 2010, Goldcorp completed the sale of the San Dimas mine, which was part of the Luismin mining operations ("Luismin"), to Primero. The original cost of Luismin was allocated to San Dimas and Los Filos based on the estimated fair values of these silver interests as at August 6, 2010.

(4) To a maximum of 4.75 million ounces per annum. In the event that silver produced at Yauliyacu in any year totals less than 4.75 million ounces, the amount sold to Silver Wheaton in subsequent years will be increased to make up for the shortfall, so long as production allows.

(5) Primarily comprised of the value allocated to the silver and gold interest upon the Company's acquisition of Silverstone Resources Corp., which was closed on May 21, 2009 (the "Silverstone Acquisition").

(6) The Company is entitled to acquire 100% of the first 30,000 ounces of gold produced per annum and 50% thereafter.

(7) Silver Wheaton will make total upfront cash payments of $625 million payable in installments, of which $487.5 million has been paid to date. The remaining $137.5 million is payable on the third anniversary of the transaction. The financial liability relating to these future payments has been discounted using an annual discount rate of 6.9%, which represents management's best estimate of the market rate of interest at which the Company could borrow money under similar terms and conditions at the time the agreement was entered into.

(8) Barrick will deliver to Silver Wheaton silver production from the currently producing mines until December 31, 2013. In addition, during 2014 and 2015, Silver Wheaton will be entitled to all or a portion of the silver production from these mines to the extent of any production shortfall relative to the production guarantee levels at Pascua-Lama, until Barrick satisfies the completion guarantee.

(9) Silver Wheaton's attributable silver production is subject to a maximum of 8% of the silver contained in the ore mined at Veladero during the period.

(10) 95% owned by Eldorado Gold Corporation.

(11) Payable on an installment basis to partially fund construction of the Rosemont mine once certain milestones are achieved, including the receipt of key permits and securing the necessary financing to complete construction of the mine.
(12) Comprised of $10.9 million allocated to the silver interest upon the Silverstone Acquisition in addition to $32.4 million, the payment of which is contingent upon the satisfaction of certain conditions, including Pan American receiving all necessary permits to proceed with the mine construction.
(13) Definitive terms of the agreement are in the process of being finalized.

Further details regarding the purchase agreements entered into by the Company in respect of these silver and gold interests can be found under the heading "General Development of the Business – Three Year History" above, except for the following interests which were entered into prior to the past three years:

Zinkgruvan Mine

On December 8, 2004, Silver Wheaton Caymans entered into an agreement with Lundin Mining Corporation ("Lundin") and Zinkgruvan Mining AB to acquire 100% of the payable silver produced by Lundin's Zinkgruvan mining operations (the "Zinkgruvan Mine") in Sweden for the life of mine for the lesser of $3.90 per ounce of silver (subject to an annual inflationary adjustment) and the then prevailing market price per ounce of silver.

Yauliyacu Mine

On March 23, 2006, Silver Wheaton Caymans entered into a silver purchase agreement (the "Yauliyacu Silver Purchase Agreement") with Glencore International AG ("Glencore") and Anani Investments Ltd. to acquire an amount equal to 100% of the payable silver produced from Glencore's Yauliyacu mining operations (the "Yauliyacu Mine") in Perú, up to a maximum of 4.75 million ounces per year, for a period of 20 years commencing in March of 2006, for $3.90 per ounce of silver (subject to an annual inflationary adjustment). In the event that silver produced at Yauliyacu in any year totals less than 4.75 million ounces, the amount sold to Silver Wheaton Caymans in subsequent years will be increased to make up the shortfall, to the extent production allows. During the term of the contract, Silver Wheaton Caymans has a right of first refusal on any future sales of silver streams from the Yauliyacu Mine and a right of first offer on future sales of silver streams from any other mine owned by Glencore at the time of the initial transaction.

See "Description of the Business – Further Disclosure Regarding Mineral Projects on a Material Property – Yauliyacu Mine, Perú" for details regarding the Yauliyacu Mine.

Peñasquito Mine

On July 24, 2007, Silver Wheaton Caymans entered into a silver purchase agreement (the "Peñasquito Silver Purchase Agreement") with Goldcorp Inc. ("Goldcorp") and Minera Peñasquito, S.A. de C.V. ("Minera Peñasquito"), a wholly-owned subsidiary of Goldcorp, pursuant to which Silver Wheaton Caymans agreed to purchase 25% of the payable silver produced by Minera Peñasquito from the Peñasquito Mine located in Mexico (the "Peñasquito Mine") over its entire mine life, for an upfront cash payment of $485 million, plus a payment equal to the lesser of $3.90 per ounce of delivered silver (subject to an annual inflationary adjustment three years after commercial production commences) and the then prevailing market price per ounce of silver.

See "Description of the Business – Further Disclosure Regarding Mineral Projects on a Material Property - Peñasquito Mine, Mexico" for details regarding the Peñasquito Mine.

Stratoni Mine

On April 23, 2007, Silver Wheaton Caymans entered into a silver purchase agreement with European Goldfields Limited ("European Goldfields") and Hellas Gold S.A. ("Hellas Gold"), a 95%-owned subsidiary of European Goldfields, pursuant to which Silver Wheaton Caymans agreed to purchase 100% of the payable silver produced by Hellas Gold from the Stratoni mine (the "Stratoni Mine") located in Greece over its entire mine life, for an upfront cash payment of $57.5 million, plus a payment equal to the lesser of $3.90 per ounce of delivered silver (subject to an annual inflationary adjustment after April 23, 2010) and the then prevailing market price per ounce of silver. During the term of the contract, Silver Wheaton Caymans has a right of first refusal on any future sales of silver streams from any other mine owned by Hellas Gold or European Goldfields.

On February 24, 2012, European Goldfields announced that it had completed the plan of arrangement with Eldorado Gold Corporation ("Eldorado") whereby Eldorado acquired all of the issued and outstanding shares of European Goldfields. This transaction will have no significant effect on Silver Wheaton's Stratoni silver purchase agreement.

Keno Hill Mine

On October 2, 2008, the Company entered into a silver purchase agreement with Alexco Resource Corp. (“Alexco”) and Elsa Reclamation & Development Company Ltd. and Alexco Keno Hill Mining Corp. (formerly called Alexco Resource Canada Corp.), each of which are wholly-owned subsidiaries of Alexco, pursuant to which the Company agreed to pay, subject to the completion of certain conditions, an upfront cash payment of $50 million in order to acquire 25% of all payable silver produced from the Keno Hill district, including the currently producing Bellekeno mine in the Yukon Territory, Canada (the “Keno Hill Mine”), over its entire mine-life, for the lesser of $3.90 (subject to an annual inflationary adjustment beginning in year four after the achievement of specific operating targets) and the then prevailing market price per ounce of delivered silver. Silver Wheaton is not required to contribute to further capital or exploration expenditures and Alexco has provided a completion guarantee with certain minimum production criteria by specific dates.

Campo Morado Mine

On May 13, 2008, Silver Wheaton Caymans entered into a silver purchase agreement with Nyrstar Mining Ltd. (formerly called Farallon Mining Ltd., and prior to that Farallon Resources Ltd.) (“Nyrstar”) and Nyrstar Resources (Barbados) Ltd. (formerly called Farallon Resources (Barbados) Ltd.), which are subsidiaries of Nyrstar NV as a result of Nyrstar NV’s acquisition of Farallon Mining Ltd. (as it was then named) in January 2011. Under the terms of the silver purchase agreement, Silver Wheaton Caymans agreed to pay, subject to the completion of certain conditions, an upfront cash payment of $80 million in order to acquire 75% of payable silver produced by the Campo Morado property in Mexico (the “Campo Morado Mine”), over its entire mine-life, for the lesser of $3.90 (subject to an annual adjustment beginning in year four after production commences) and the then prevailing market price per ounce of delivered silver. The upfront payment was made on a drawdown basis to fund ongoing capital expenditures at the Campo Morado Mine.

Mineral Park Mine

On March 17, 2008, Silver Wheaton Caymans entered into a silver purchase agreement with Mercator Minerals Ltd. (“Mercator”) and Mercator Minerals (Barbados) Ltd., a wholly-owned subsidiary of Mercator, pursuant to which Silver Wheaton Caymans agreed to pay, subject to the completion of certain conditions, an upfront cash payment of $42 million in order to acquire 100% of the payable silver produced by the Mineral Park mine in the United States (the “Mineral Park Mine”), over its entire mine-life, for the lesser of $3.90 (subject to an annual adjustment beginning three years after a minimum production level has been met) and the then prevailing market price per ounce of delivered silver.

Sales of Principal Product

There is a worldwide silver market into which the Company can sell the silver purchased under the silver purchase agreements and, as a result, the Company will not be dependent on a particular purchaser with regard to the sale of the silver that it acquires pursuant to its silver purchase agreements. The silver in concentrate from the Zinkgruvan Mine, the Stratoni Mine, the Neves-Corvo Mine and the Minto Mine is purchased from the Company by various smelters and off-takers at the worldwide market price for silver. The foregoing also applies to any gold purchased by the Company under precious metals purchase agreements.

Competitive Conditions

The Company is the largest silver streaming company in the world. The ability of the Company to acquire additional silver in the future will depend on its ability to select suitable properties and enter into similar silver purchase agreements. See “Description of the Business — Risk Factors — Competition”.

Operations

Raw Materials

The Company purchases silver (and, to a lesser extent, gold) pursuant to the purchase agreements described under “Description of the Business – Principal Product”.

Employees

Currently, the Company and its subsidiaries have an aggregate of 25 employees.

Foreign Interests

The Company currently purchases or expects to be purchasing silver (and, to a lesser extent, gold in some instances) from mines in Mexico, the United States, Greece, Sweden, Perú, Chile, Argentina and Portugal. Any changes in legislation, regulations or shifts in political attitudes in such foreign countries are beyond the control of the Company and may adversely affect its business. The Company may be affected in varying degrees by such factors as government legislation and regulations (or changes thereto) with respect to the restrictions on production, export controls, income and other taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, land claims of local people and mine safety. The effect of these factors on the Company cannot be accurately predicted. See "Description of the Business — Risk Factors — Risks relating to the Mining Operations — International Interests".

Risk Factors

The operations of the Company are speculative due to the nature of its business which is the purchase of silver (and, to a lesser extent, gold) production from producing mining companies. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. The risks described herein are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also materially and adversely affect its business.

Risks Relating to the Company

Commodity Prices

The price of the Common Shares and the Company's financial results may be significantly adversely affected by a decline in the price of silver or gold. The price of silver and gold fluctuates widely, especially in recent years, and is affected by numerous factors beyond the Company's control, including but not limited to, the sale or purchase of silver and gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major silver and gold producing countries throughout the world.

In the event that the prevailing market price of silver or gold is at or below the price at which the Company can purchase such pursuant to the terms of the agreements associated with its silver and gold interests, the Company will not generate positive cash flow or earnings.

Silver and gold are by-product metals at all of the Mining Operations, other than at the Keno Hill Mine and the Loma de La Plata Project, and therefore, the economic cut-off applied to the reporting of silver and gold reserves and resources will be influenced by changes in the commodity prices of other metals at the mines.

Risks Relating to the Mining Operations

To the extent that they relate to the production of silver or gold from, or the continued operation of, the Mining Operations, the Company will be subject to the risk factors applicable to the operators of such mines or projects, some of which are set forth below under "Risks Relating to the Mining Operations".

No Control Over Mining Operations

The Company has agreed to purchase a certain percentage of the silver (and in some cases gold) produced by the Mining Operations. The Company is not directly involved in the ownership or operation of mines and has no contractual rights relating to the operation of the Mining Operations. As a result, the cash flows of the Company are dependent upon the activities of third parties which creates the risk that at any time those third parties may: (a) have business interests or targets that are inconsistent with those of the Company, (b) take action contrary to the Company's policies or objectives, (c) be unable or unwilling to fulfill their obligations under their agreements with the Company, or (d) experience financial, operational or other difficulties, including insolvency, which could limit a third party's ability to perform its obligations under the silver purchase agreements or the precious metals purchase agreements. Except in limited circumstances, the Company will not be entitled to any material compensation if such operations do not meet their forecasted silver or gold production targets in any specified period or if the operations shut down or discontinue their operations on a temporary or permanent basis. There can be no assurance that the silver or gold production from such properties will ultimately meet forecasts or targets. At any time, any of the operators of the Mining Operations may decide to suspend or discontinue operations.

Taxes

The Company's operating profit is derived primarily from its subsidiaries, Silver Wheaton Caymans and Silverstone Resources (Barbados) Corp., which are incorporated and operated in the Cayman Islands and Barbados, respectively, such that the Company's profits are subject to minimal income tax.

The introduction of new tax laws or regulations, or changes to, or differing interpretation of, or application of, existing tax laws or regulations in Canada, the Cayman Islands, Luxembourg, Barbados, the Netherlands or any of the countries in which the Mining Operations are located or to which shipments of silver or gold are made, could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. Due to the size, complexity and nature of the Company's operations, various legal and tax matters are outstanding from time to time, including an audit by the Canada Revenue Agency of the Company's international transactions covering the 2005 to 2010 taxation years. No assurance can be given that new tax laws or regulations will not be enacted or that existing tax laws or regulations will not be changed, interpreted or applied in a manner which could have a material adverse effect on the Company.

Credit and Liquidity Risk

The Company is exposed to counterparty risks and liquidity risks including, but not limited to: (i) through the companies with which the Company has silver and precious metals purchase agreements; (ii) through financial institutions that hold the Company's cash and cash equivalents; (iii) through companies that have payables to the Company, including concentrate customers; (iv) through the Company's insurance providers; and (v) through the Company's lenders. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these risks materialize, the Company's operations could be adversely impacted and the trading price of the Common Shares could be adversely affected.

Competition

The Company competes with other companies for silver and precious metals purchase agreements and similar transactions. Some of these companies may possess greater financial and technical resources than the Company. Such competition may result in the Company being unable to enter into desirable silver and precious metals purchase agreements or similar transactions, to recruit or retain qualified employees or to acquire the capital necessary to fund its silver and precious metals purchase agreements. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for entering into additional silver and precious metals purchase agreements in the future.

Acquisition Strategy

As part of the Company's business strategy, it has sought and will continue to seek new exploration, mining and development opportunities in the resource industry. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit the Company.

Market Price of the Common Shares and the Common Share Purchase Warrants

The Common Shares are listed and posted for trading on the TSX and on the NYSE and the Company's common share purchase warrants are listed and posted for trading on the TSX. An investment in the Company's securities is highly speculative. Securities of companies involved in the resource industry have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. The price of the Common Shares and the Company's common share purchase warrants are also likely to be significantly affected by short-term changes in silver and gold prices, the Company's financial condition or results of operations as reflected in its quarterly earnings reports, and the other risk factors identified herein.

Equity Price Risk

The Company is exposed to equity price risk as a result of holding long-term investments in other exploration and mining companies. Just as investing in the Company is inherent with risks such as those set out in this annual information form, by investing in these other companies, the Company is exposed to the risks associated with owning equity securities and those risks inherent in the investee companies. The Company does not actively trade these investments.

Dividend Policy

The declaration, timing, amount and payment of dividends is at the discretion of the Company's Board of Directors. There can be no assurance that the Company will continue to declare a dividend on a quarterly, annual or other basis.

Dependence Upon Key Management Personnel

The Company is dependent on the services of a small number of key executives who are highly skilled and experienced. The loss of these persons or the Company's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

Litigation

The Company is from time to time involved in various claims, legal proceedings and disputes arising in the ordinary course of business. If the Company is unable to resolve these disputes favourably, it may have a material adverse impact on the Company's financial performance, cash flows or results of operations.

The Company may fail to achieve and maintain the adequacy of internal control over financial reporting pursuant to the requirements of the Sarbanes-Oxley Act

The Company documented and tested during its most recent fiscal year, its internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act ("SOX"). SOX requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting and an attestation report by the Company's independent auditors addressing this assessment. The Company may fail to achieve and maintain the adequacy of its internal control over financial reporting as such standards are modified, supplemented, or amended from time to time, and the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting in accordance with Section 404 of SOX. The Company's failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Company's business and negatively impact the trading price of the Common Shares or market value of its other securities. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations. There can be no assurance that the Company will be able to remediate material weaknesses, if any, identified in future periods, or maintain all of the control's necessary for continued compliance, and there can be no assurance that the Company will be able to retain sufficient skilled finance and accounting personnel. Future acquisitions of companies, if any, may provide the Company with challenges in implementing the required processes, procedures and controls in its acquired operations. Future acquired companies, if any, may not have disclosure controls and procedures or internal control over financing reporting that are as thorough or effective as those required by securities laws currently applicable to the Company.

No evaluation can provide complete assurance that the Company's internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's control and procedures could also be limited by simple errors or faulty judgments. In addition, as the Company continues to expand, the challenges involved in implementing appropriate internal controls over financial reporting will increase and will require that the Company continue to improve its internal controls over financial reporting. Although the Company intends to devote substantial time and incur costs, as necessary, to ensure ongoing compliance, the Company cannot be certain that it will be successful in complying with Section 404.

Risks Relating to the Mining Operations

Governmental Regulations

The Mining Operations are subject to extensive laws and regulations governing exploration, development, production, exports, taxes, labour standards, waste disposal, protection and remediation of the environment, reclamation, historic and cultural resources preservation, mine safety and occupation health, handling, storage and transportation of hazardous substances and other matters. The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing the Mining Operations in compliance with such laws and regulations are significant. It is possible that the costs and delays associated with compliance with such laws and regulations could become such that the owners or operators of the Mining Operations would not proceed with the development of or continue to operate a mine. Moreover, it is possible that future regulatory developments, such as increasingly strict environmental protection laws, regulations and enforcement policies thereunder, and claims for damages to property and persons resulting from the Mining Operations could result in substantial costs and liabilities for the owners or operators of the Mining Operations in the future such that they would not proceed with the development of, or continue to operate, a mine.

International Operations

The operations at the Luismin Mines, the Peñasquito Mine, the Campo Morado Mine and the Cozamin Mine are conducted in Mexico, the operations at the Zinkgruvan Mine are conducted in Sweden, the operations at the Yauliyacu Mine, the Lagunas Norte mine and the Pierina mine are conducted in Perú, the operations of the Stratoni Mine are conducted in Greece, the operations at the Mineral Park Mine and the Rosemont Project are conducted in the United States, the operations of the Keno Hill Mine and the Minto Mine are conducted in Canada, the operations of the Pascua-Lama Project are conducted in Chile and Argentina, the operations of the Veladero Mine and the Loma de La Plata Project are conducted in Argentina, and the operations of the Neves-Corvo Mine and the Aljustrel Mine are conducted in Portugal, and as such the operations are all exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, crime, political instability, currency controls, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, illegal mining, changes in taxation laws, regulations and policies, restrictions on foreign exchange and repatriation, and changing political conditions and governmental regulations relating to foreign investment and the mining business. Argentina and Peru are countries that have experienced political, social and economic unrest in the past and protestors have from time to time targeted foreign mining firms.

Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect the operations or profitability of the Mining Operations in these countries. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, mine safety and the rewarding of contracts to local contractors or requiring foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Mining Operations.

Exploration, Development and Operating Risks

Mining operations generally involve a high degree of risk. The Mining Operations are subject to all the hazards and risks normally encountered in the exploration, development and production of metals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, environmental hazards and the discharge of toxic chemicals, explosions and other conditions involved in the drilling, blasting and removal of material, any of which could result in damage to, or destruction of mines and other producing facilities, damage to property, injury or loss of life, environmental damage, work stoppages, delays in production, increased production costs and possible legal liability. Milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability for the owners or operators of the Mining Operations.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Major expenditures may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the owners or operators of the Mining Operations will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; and political stability. The exact effect of these factors cannot be accurately predicted.

Environmental Regulation

All phases of mining and exploration operations are subject to governmental regulation including environmental regulation. Environmental legislation is becoming more strict, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened responsibility for companies and their officers, directors and employees. There can be no assurance that possible future changes in environmental regulation will not adversely affect the Mining Operations. As well, environmental hazards may exist on a property in which the owners or operators of the Mining Operations hold an interest which were caused by previous or existing owners or operators of the properties and of which such owners or operators are not aware at present and which could impair the commercial success, levels of production and continued feasibility and project development and mining operations on these properties.

Permitting

The Mining Operations are subject to receiving and maintaining permits from appropriate governmental authorities. Although the Company believes that the owners and operators of the Mining Operations currently have all required permits for their respective operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations, additional permits for any possible future changes to operations or additional permits associated with new legislation. Prior to any development on any of these properties, permits from appropriate governmental authorities may be required. There can be no assurance that the owners or operators of the Mining Operations will continue to hold all permits necessary to develop or continue operating at any particular property. See “Permitting, Construction, Development and Expansion Risk” for additional permitting risks associated with developmental projects.

Compliance with Laws

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on the owners or operators of the Mining Operations, resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

Infrastructure

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, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Mining Operations.

Mineral Reserve and Mineral Resource Estimates

The reported mineral reserves and mineral resources for the Mining Operations are only estimates. No assurance can be given that the estimated mineral reserves and mineral resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and mineral resource estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral reserve and mineral resource estimates may require revision (either up or down) based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral reserves and mineral resources uneconomic and may ultimately result in a restatement of estimated reserves and/or resources.

Need for Additional Mineral Reserves

Because mines have limited lives based primarily on proven and probable mineral reserves, the Mining Operations must continually replace and expand their mineral reserves as their mines produce metals. The life-of-mine estimates for the Mining Operations may not be correct. The ability of the owners or operators of the Mining Operations to maintain or increase their annual production of silver or gold will be dependent in significant part on their ability to bring new mines into production and to expand mineral reserves at existing mines.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty of inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to proven and probable mineral reserves as a result of continued exploration.

Land Title

No assurances can be given that there are no title defects affecting the properties and mineral claims owned or used by the Mining Operations. Such properties and claims may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, the operators of such operations may be unable to operate them as permitted or to enforce their rights with respect to their properties and claims which may ultimately impair the ability of these operators to fulfill their obligations under the silver and precious metals purchase agreements with the Company.

Commodity Price Fluctuations

The price of metals has fluctuated widely in recent years, and future serious price declines could cause continued development of and commercial production from the Mining Operations to be impracticable. Depending on the price of other metals produced from the mines which generate cash flow to the owners, cash flow from the Mining Operations may not be sufficient and such owners could be forced to discontinue production and may lose their interest in, or may be forced to sell, some of their properties. Future production from the Mining Operations is dependent on metal prices that are adequate to make these properties economic.

In addition to adversely affecting the reserve estimates and financial conditions, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Additional Capital

The mining, processing, development and exploration of the Mining Operations may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Mining Operations and related properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on satisfactory terms.

Permitting, Construction, Development and Expansion Risk

The Peñasquito Mine, the Mineral Park Mine, the Keno Hill Mine, the Pascua-Lama Project, the Loma de La Plata Project and the Rosemont Project are currently in various stages of permitting, construction, development and expansion. Construction, development and expansion of such projects is subject to numerous risks, including, but not limited to, delays in obtaining equipment, material and services essential to completing construction of such projects in a timely manner; delays or inability to obtain all required permits; changes in environmental or other government regulations; currency exchange rates; labour shortages; and fluctuation in metal prices. There can be no assurance that the operators of such projects will have the financial, technical and operational resources to complete the permitting, construction, development and expansion of such projects in accordance with current expectations or at all.

TECHNICAL INFORMATION

CIM Standards Definitions

The estimated Mineral Reserves and Mineral Resources for the Mining Operations have been calculated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") — Definitions adopted by CIM Council on December 11, 2005 (the "CIM Standards") or in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the "JORC Code"), the Australian worldwide standards, and were restated in accordance with the requirements of the Canadian Securities Administrators' National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") to comply with the CIM Standards. The following definitions are reproduced from the CIM Standards:

The term "***Mineral Resource***" is a concentration or occurrence of diamonds, natural, solid, inorganic or 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.

The term "***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.

The term "***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.

The term "***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.

The term "***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.

The term "***Probable Mineral Reserve***" is the economically mineable part of an Indicated Mineral Resource 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.

The term "***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.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Mineral Resources

This annual information form uses the terms “Measured”, “Indicated” and “Inferred” Mineral Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them and expressly prohibits U.S. registered companies from including such terms in their filings with the United States Securities and Exchange Commission. “Inferred Mineral Resources” have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. **United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.**

Summary of Mineral Reserves and Mineral Resources

The following tables set forth the estimated Mineral Reserves and Mineral Resources (silver only, except where a purchase agreement includes gold) for the mines relating to which the Company has purchase agreements, adjusted where applicable to reflect the Company's percentage entitlement to silver and/or gold produced from such mines, as of December 31, 2011, unless otherwise noted. The tables are based on information available to the Company as of the date of this document, and therefore will not reflect updates, if any, after such date. The most current Mineral Reserves and Mineral Resources will be available on the Company's website:

ATTRIBUTABLE PROVEN AND PROBABLE RESERVES [1,2,3,8,14,15]

AS OF DECEMBER 31, 2011 UNLESS OTHERWISE NOTED[6]

	Proven			Probable			Proven & Probable			
	Tonnage	Grade	Contained	Tonnage	Grade	Contained	Tonnage	Grade	Contained	Process Recovery
SILVER	Mt	g/t	M oz	Mt	g/t	M oz	Mt	g/t	M oz	% [7]
Peñasquito (25%)										
Mill	156.6	28.9	145.5	129.3	20.2	83.8	285.9	24.9	229.3	53-65%
Heap Leach	8.3	14.4	3.9	23.0	9.4	6.9	31.4	10.7	10.8	24%
San Dimas[10]	2.1	364.0	24.8	3.8	314.7	38.1	5.9	332.5	62.9	94%
Pascua-Lama (25%)	9.9	59.5	18.9	86.3	54.1	150.2	96.2	54.7	169.1	82%
Lagunas Norte[11]	3.3	3.2	0.3	37.6	3.2	3.9	40.9	3.2	4.2	22%
Pierina[11]	2.1	19.9	1.3	18.9	10.8	6.6	21.0	11.8	8.0	37%
Veladero[11]	3.7	13.4	1.6	61.3	13.4	26.5	65.0	13.4	28.1	6%
Yauliyacu[12]	1.0	99.6	3.3	2.7	105.9	9.1	3.7	104.2	12.4	85%
Neves-Corvo										
Copper	23.2	44.0	32.9	4.5	45.0	6.5	27.7	44.2	39.4	35%
Zinc	19.4	67.0	41.7	3.8	64.0	7.8	23.1	66.5	49.5	23%
Rosemont[13]	128.8	4.5	18.5	366.8	3.8	44.5	495.6	3.9	62.9	80%
Mineral Park[13]	293.9	2.7	25.7	74.5	2.9	7.0	368.4	2.8	32.6	49%
Zinkgruvan										
Zinc	8.2	103.0	27.2	2.4	60.0	4.7	10.7	93.1	31.9	70%
Copper	2.8	32.0	2.8	0.1	29.0	0.1	2.8	31.9	2.9	78%
Aljustrel										
Copper	2.2	19.2	1.3	8.4	15.3	4.1	10.6	16.1	5.5	30%
Campo Morado (75%)	0.7	166.7	3.8	0.1	123.4	0.3	0.8	162.6	4.1	55%
Stratoni	1.7	174.0	9.3	0.1	225.0	0.7	1.8	177.0	10.0	84%
Minto	7.8	5.4	1.3	5.1	4.9	0.8	12.9	5.2	2.1	80%
Cozamin										
Copper	1.6	76.3	4.0	5.9	59.0	11.3	7.5	62.7	15.2	74%
Zinc	-	-	-	1.9	37.2	2.2	1.9	37.2	2.2	74%
Los Filos	81.0	5.2	13.5	231.2	5.4	40.2	312.2	5.3	53.6	5%
Total Silver			**381.4**			**455.3**			**836.7**	
GOLD										
Minto	7.8	0.63	0.16	5.1	0.54	0.09	12.9	0.60	0.25	74%
Total Gold			**0.16**			**0.09**			**0.25**	

ATTRIBUTABLE MEASURED & INDICATED RESOURCES [1,2,3,4,5,9,14,15]

AS OF DECEMBER 31, 2011 UNLESS OTHERWISE NOTED[6]

	Measured			Indicated			Measured & Indicated		
SILVER	Tonnage Mt	Grade g/t	Contained M oz	Tonnage Mt	Grade g/t	Contained M oz	Tonnage Mt	Grade g/t	Contained M oz
Peñasquito (25%)									
Mill	34.1	13.1	14.4	128.2	12.4	51.1	162.3	12.6	65.5
Heap Leach	1.0	4.6	0.2	6.2	3.9	0.8	7.2	4.0	0.9
Pascua-Lama (25%)	5.3	24.5	4.2	55.9	23.4	42.1	61.2	23.5	46.3
Yauliyacu[12]	0.7	108.5	2.5	6.1	192.4	37.8	6.8	183.5	40.3
Neves-Corvo									
Copper	15.4	53.0	26.2	3.4	51.2	5.6	18.8	52.7	31.8
Zinc	42.7	54.3	74.6	14.5	49.5	23.0	57.2	53.1	97.6
Rosemont[13]	7.2	3.9	0.9	103.0	2.7	8.8	110.2	2.7	9.7
Mineral Park[13]	101.0	2.6	8.4	175.6	2.7	15.2	276.6	2.7	23.6
Zinkgruvan									
Zinc	0.9	123.4	3.8	3.3	109.5	11.5	4.2	112.6	15.2
Copper	2.7	24.4	2.1	0.1	38.5	0.1	2.8	24.9	2.2
Aljustrel									
Zinc	1.3	65.6	2.7	20.5	60.3	39.7	21.8	60.7	42.4
Copper	-	-	-	0.1	11.7	0.04	0.1	11.7	0.04
Campo Morado (75%)	2.1	162.1	10.8	4.4	158.0	22.5	6.5	159.3	33.2
Loma de La Plata (12.5%)	-	-	-	3.6	169.0	19.8	3.6	169.0	19.8
Minto	5.4	3.8	0.6	19.2	2.9	1.8	24.6	3.1	2.4
Cozamin									
Copper	0.6	81.5	1.5	1.0	54.9	1.8	1.6	64.3	3.3
Keno Hill (25%)									
Underground	-	-	-	0.3	545.4	4.5	0.3	545.4	4.5
Elsa Tailings	-	-	-	0.6	119.0	2.4	0.6	119.0	2.4
Los Filos	7.9	9.5	2.4	42.7	7.2	9.9	50.6	7.6	12.4
Total Silver			**155.2**			**298.4**			**453.6**
GOLD									
Minto	5.4	0.47	0.08	19.2	0.24	0.15	24.6	0.29	0.23
Total Gold			**0.08**			**0.15**			**0.23**

ATTRIBUTABLE INFERRED RESOURCES [1,2,3,4,5,9,14,15]

AS OF DECEMBER 31, 2011 UNLESS OTHERWISE NOTED [6]

	Inferred		
SILVER	Tonnage Mt	Grade g/t	Contained M oz
Peñasquito (25%)			
Mill	36.7	8.8	10.4
Heap Leach	14.1	1.7	0.8
San Dimas[10]	16.9	329.8	178.7
Pascua-Lama (25%)	8.1	15.5	4.0
Yauliyacu[12]	13.8	163.5	72.7
Neves-Corvo			
Copper	28.5	40.0	36.6
Zinc	33.0	55.0	58.3
Rosemont[13]	163.0	2.1	11.2
Mineral Park[13]	320.1	2.3	23.9
Zinkgruvan			
Zinc	5.6	69.0	12.4
Copper	0.8	36.0	0.9
Aljustrel			
Zinc	8.7	50.4	14.0
Copper	4.7	16.0	2.4
Campo Morado (75%)	2.4	117.3	9.1
Stratoni	0.7	217.0	4.7
Loma de La Plata (12.5%)	0.2	76.0	0.4
Minto	6.0	2.8	0.5
Cozamin			
Copper	2.4	52.6	4.0
Zinc	1.7	30.1	1.6
Keno Hill (25%)			
Underground	0.1	340.1	1.4
Los Filos	158.4	5.9	29.9
TOTAL SILVER			**477.9**
GOLD			
Minto	6.0	0.25	0.05
TOTAL GOLD			**0.05**

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1. All Mineral Reserves and Mineral Resources have been calculated in accordance with the CIM Standards and NI 43-101, or the AusIMM JORC equivalent.
2. Mineral Reserves and Mineral Resources are reported above in millions of metric tonnes ("Mt"), grams per metric tonne ("g/t") and millions of ounces ("Moz").
3. Individual qualified persons ("QPs"), as defined by the NI 43-101, for the Mineral Reserve and Mineral Resource estimates are as follows:
   a. Peñasquito –Maryse Belanger, P.Geo., (Vice President, Technical Services, Goldcorp Inc.)
   b. San Dimas –Velasquez Spring, P.Eng. (Senior Geologist, Watts, Griffis and McOuat Limited)
   c. Pascua-Lama – Dino Pilotto, P.Eng. (Principal Mining Consultant, SRK Consulting (Canada) Inc.); Bart A. Stryhas, Ph.D., CPG (Principal Resource Geologist, SRK Consulting (U.S.) Inc.)
   d. Yauliyacu – Neil Burns, M.Sc., P.Geo. (Vice President Technical Services); Samuel Mah, M.A.Sc., P.Eng. (Director of Engineering), both employees of the Company (the "Company's QPs")

   The Company's QPs are responsible for overall corporate review and all other operations and development projects.
4. The Mineral Resources reported in the above tables are **exclusive** of Mineral Reserves. The Minto, Cozamin, Neves-Corvo, Zinkgruvan and Aljustrel mines report Mineral Resources inclusive of Mineral Reserves. The Company's QPs have made the exclusive Mineral Resource estimates for these mines based on average mine recoveries and dilution.
5. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.
6. Other than as detailed below, Mineral Reserves and Mineral Resources are reported as of December 31, 2011 based on information available to the Company as of the date of this document, and therefore will not reflect updates, if any, after such date. The most current Mineral Reserves and Mineral Resources will be available on the Company's website.
   a. Resources and Reserves for San Dimas are reported as of December 31, 2010.
   b. Resources and Reserves for Yauliyacu, Neves-Corvo and Zinkgruvan are reported as of June 30, 2011.
   c. Resources for Rosemont are reported as of October 22, 2008 and Reserves as of March 17, 2009.
   d. Resources for Mineral Park are reported as of December 29, 2006.
   e. Resources and Reserves for Aljustrel's Feitais and Moinho deposits are reported as of November 30, 2010, Resources for the Estaçao deposit are reported as of December 31, 2007
   f. Resources for Campo Morado's El Rey, Naranjo and Reforma deposits are reported as of October 13, 2005.
   g. Resources and Reserves for Stratoni are reported as of August 10, 2010.
   h. Resources and Reserves for Minto are reported as of December 31, 2010.
   i. Resources and Reserves for Cozamin are reported as of December 31, 2009.
   j. Resources for Keno Hill's Lucky Queen and Onek deposits are reported as of June 30, 2011 and April 22, 2010 for the Elsa Tailings.
   k. Resources for Loma de La Plata are reported as of May 20, 2009.
6. Process recoveries are the average percentage of silver in a saleable product (doré or concentrate) recovered from mined ore at the applicable site process plants as reported by the operators.
7. Mineral Reserves are estimated using appropriate process recovery rates and commodity prices of $20.00 per ounce of silver, unless otherwise noted below:
   a. Pascua-Lama, Lagunas Norte, Veladero and Pierina – $22.00 per ounce.
   b. Yauliyacu - $30.00 per ounce.
   c. Neves-Corvo – 1.4% Cu cut-off for the copper Reserve and 5.0% Zn cut-off for the all zinc Reserves except for Lombador which was reported above a cut-off of 6.0% Zn.
   d. Rosemont –$10.00 per ounce.
   e. Mineral Park – $7.50 per ounce.
   f. Zinkgruvan – 3.7% Zn equivalent cut-off for the zinc Reserve and 1.8% Cu cut-off for the copper Reserve.
   g. Aljustrel – 1.5% Cu cut-off for all copper Reserves, 4.5% Zn cut-off for all zinc Reserves.
   h. Campo Morado - $30.00 per ounce.
   i. Minto – $3.90 per ounce silver and $300 per ounce gold.
   j. Cozamin – $4.00 per ounce.
8. Mineral Resources are estimated using appropriate recovery rates and commodity prices of $24.00 per ounce of silver, unless otherwise noted below:
   a. Pascua-Lama, Lagunas Norte, Veladero and Pierina – $28.00 per ounce.
   b. Yauliyacu – $30.00 per ounce.
   c. Neves-Corvo – 1.0% Cu cut-off for the copper Resource and 3.0% Zn cut-off for the zinc Resource.
   d. Rosemont – 0.2% Cu cut-off.
   e. Zinkgruvan – 3.1% Zn equivalent cut-off for the zinc Resource and 1.5% Cu cut-off for the copper Resource.
   f. Mineral Park – $7.50 per ounce.
   g. Aljustrel – 1.5% Cu cut-off for all copper Resources, 4.5% Zn cut-off for Feitais and Moinho zinc Resources and 4.0% for Estação zinc Resources.
   h. Campo Morado – $30.00 per ounce for the G-9 zones and 5% Zn cut-off for the El Rey, Naranjo and Reforma deposits.
   i. Loma de La Plata – $12.50 per ounce
   j. Minto – $12.00 per ounce silver and $900 per ounce gold.
   k. Cozamin – 1.15% Cu cut-off for San Roberto Area and 3.0% Zn cut-off for San Rafael Area.

l. Keno Hill – $15.25 per ounce for the Southwest and 99 Zones, $14.50 per ounce for the East Zone, $17.00 per ounce for the Elsa Tailings and $18.50 per ounce for the Lucky Queen and Onek deposits.

9. The San Dimas purchase agreement provides that from August 6, 2010 until August 5, 2014, Primero Mining Corp. ("Primero") will deliver to the Company a per annum amount equal to the first 3.5 million ounces of payable silver produced at San Dimas and 50% of any excess, plus the Company will receive an additional 1.5 million ounces of silver per annum to be delivered by Goldcorp. Beginning August 6, 2014, Primero will deliver to the Company a per annum amount equal to the first 6.0 million ounces of payable silver produced at San Dimas and 50% of any excess, for the life of the mine.
   As per Primero's press release on January 17, 2012, Primero is undertaking a review of the reserve and resource estimation methods currently, and historically, used at San Dimas in order to determine whether other estimation methods might be used to improve predictability of operating results and, therefore, assist long term planning. While the results of this review are not currently known, the adoption of any new estimation methods may result in the Silver Wheaton reporting different and potentially lower total mineral reserve and total mineral resource numbers. Primero also states in their press release that it is not expected that any potential change in estimates will change the level of confidence Primero has in the ultimate mineral potential of San Dimas and that the review of estimation methodology is being driven by a desire to determine if greater operating predictability and improved mine planning can be achieved.
10. The Company's attributable tonnage at Pierina was estimated by assuming 2011 production level for the remaining two years. The Company's attributable tonnage at Lagunas Norte and Veladero was estimated by assuming 2012 and 2013 processed tonnes based on Barrick's life of mine ("LOM") plans. Tonnes for all three operations were pro-rated between Proven and Probable Mineral Reserves according to the ratio of Barrick's December 31, 2011 Proven and Probable Mineral Reserves. Average reserve grades were applied to the Pierina estimates and the average LOM plan grades were applied to Lagunas Norte and Veladero. LOM plans and December 31, 2011 Mineral Reserves estimates are as published by Barrick.
11. The Company's Yauliyacu purchase agreement (March 2006) with Glencore International AG provides for the delivery of up to 4.75 million ounces of silver per year for 20 years. In the event that silver produced at Yauliyacu in any year totals less than 4.75 million ounces, the maximum amount to be sold to the Company in subsequent years will be increased to make up the shortfall, so long as production allows. Depending upon mine production levels, it is possible that these attributable Resources and Reserves may not be completely mined before the agreement expires.
12. The Mineral Park and Rosemont Resources and Reserves do not include the SX/EW leach material since this process does not recover silver.
13. The Company has filed a technical report for each of its mineral projects considered to be material to the Company, being San Dimas, Yauliyacu, Peñasquito and Pascua-Lama, which are available on SEDAR at www.sedar.com.
14. Silver is produced as a by-product metal at all operations with the exception of the Keno Hill Mine and Loma de La Plata project; therefore, the economic cut-off applied to the reporting of silver Resources and Reserves will be influenced by changes in the commodity prices of other metals at the time.

FURTHER DISCLOSURE REGARDING MINERAL PROJECTS ON MATERIAL PROPERTIES

SAN DIMAS MINES, MEXICO

At the request of the Company, Velasquez Spring, P.Eng., Senior Geologist at Watts, Griffis and McOuat Limited ("WGM"), and Gordon Watts, P.Eng., Senior Associate Mineral Economist at WGM, prepared a technical report in accordance with NI 43-101 entitled "Technical Report on the Tayoltita, Santa Rita and San Antonio Mines, Durango Mexico for Silver Wheaton Corp." dated March 14, 2011 (the "San Dimas Report"). Velasquez Spring and Gordon Watts are each qualified persons and independent of the Company within the meaning of NI 43-101.

The following description of the San Dimas Mines has been summarized from the San Dimas Report, with relevant 2011 updates. Readers should consult the San Dimas Report to obtain further particulars regarding the San Dimas Mines. The San Dimas Report is available for review on the SEDAR website located at www.sedar.com under the Company's profile.

Project Description and Location

Primero's three mines in the San Dimas district, on the border of Durango and Sinaloa states include San Antonio (Central Block), Tayoltita and Santa Rita. The San Dimas mining district is centered on latitude 24 degrees 6 minutes N and longitude 105 degrees 56 minutes W located approximately 125 kilometres northeast of Mazatlan, Sinaloa or approximately 150 kilometres west of the city of Durango in the state of Durango, Mexico. The San Dimas properties are surveyed and contained in a contiguous block in an area of 24,965.5 hectares. Primero also holds 28 mining concessions (3,470.4 hectares) at Mala Noche-Ventanas-San Cayeto (the "Ventanas Project") a former small, underground mine located approximately 23 kilometres SE from the San Dimas mine.

As per Mexican requirements for grant of tenure, the concessions comprising the San Dimas Mine have been surveyed on the ground by a licensed surveyor and the licences are in good standing. Surface rights have been secured by either acquisition of private and public land or by entering into temporary occupation agreements with surrounding communities. There are no royalties payable to any entity. Current Mexican legislation does not require government royalty payments. Primero also holds the appropriate permits under local, State and Federal laws to allow mining operations.

All mines are underground gold and silver operations using primarily mechanized cut and fill mining methods. After milling, cyanidation, precipitation and smelting, doré bars are poured and then transported for refining to Johnson Matthey in Salt Lake City, Utah. The mill currently has an installed capacity of 2,100 tonnes per day. In 2011, the mill averaged 1,955 tonnes per day (based on 339 days of production) and production from the San Dimas Mines was 79,564 ounces of gold and 4,602,846 ounces of silver.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the San Dimas area is by air or road from the city of Durango. By road the trip requires approximately 10 hours. Primero maintains a de Havilland Twin Otter aircraft and a helicopter, both of which are based at Tayoltita. Travel from either Mazatlan or Durango to Tayoltita requires an approximate one hour flight in the Twin Otter aircraft. Most of the personnel and light supplies for the San Dimas Mine arrive on Primero's regular flights from Mazatlan and Durango. Heavy equipment and supplies are brought in by road from Durango.

The climate of the San Dimas area is semi-tropical characterized by relatively high temperatures and humidity, with hot summers (maximum about 35° Celsius) and mild winters. At higher elevations in the Sierra, frosty nights occur in the winter (November to March). The majority of the precipitation occurs in the summer (June through September) however tropical rainstorms during October to January can result in considerable additional rainfall. The total average annual rainfall varies from about 66 to 108 centimetres.

The San Dimas district is located in the central part of the Sierra Madre Occidental, a mountain range characterized by very rugged topography with steep, often vertical walled valleys and narrow canyons. Elevations vary from 2,400 metres above mean sea level on the high peaks to elevations of 400 metres in the valley floor of the Piaxtla River.

Water for the mining operations is obtained from wells and from the Piaxtla River. Water is also supplied by Primero to the town of Tayoltita from an underground thermal spring at the Santa Rita mine.

Electrical power is provided by a combination of Primero's own system and the Federal Power Commission supply system. Primero operates hydroelectric and back-up diesel generators which are interconnected with the Federal Power Commission supply system. Primero's hydroelectrical power was increased with additional turbines in a tunnel from Trout Lake. Except for a few months of the year, during the dry season, hydroelectric generation from the Trout Reservoir provides all the electric requirements of the San Dimas Mine. An increase in the height of the face of the dam is planned for the future in order to increase the capacity of the Trout Reservoir to meet the San Dimas Mine' electric requirements year round.

The Santa Rita mine is located three kilometres upstream from Tayoltita. The ore from the Santa Rita mine is trucked along a winding road that follows the Rio Piaxtla to the Tayoltita mill. The San Antonio mine is located seven kilometres west of the Tayoltita mine in the State of Sinaloa. The mine and mill at San Antonio have been shut down.

History

The San Dimas district has experienced a long mining history. Precious metal production was first reported in 1757 by a group of Spanish families living at Las Queleles (near present town of Tayoltita). Government and religious authorities made several unsuccessful attempts to determine the location of the Queleles group of mines. By 1795, a town of 10,000 residents had been established upstream at Guarisamey where other gold and silver veins had been discovered. The Spanish continued working several of the mines until the start of the Mexican War of Independence (1810). Mining activity in the district then decreased and did not start up again until the 1880s when agents of William Randolph Hearst of San Francisco and American Colonel Daniel Burns arrived in the area. W.R. Hearst acquired the Tayoltita mine under the name of the San Luis Mining Company. In 1883, when Colonel Burns took control of the Candelaria mine, modern mining methods began. Later the Contraestaca (San Antonio) mine was discovered along with several large bonanza grade orebodies.

In 1904, the first cyanide mill in Mexico was built at Tayoltita. By 1940, the Candelaria mine had been mined out and the properties of the Mexican Candelaria and Contraestaca mines were purchased by the San Luis Mining Company.

A mining law introduced in 1959 in Mexico required the majority of a Mexican mining company to be held by Mexicans and forced the sale of 51% of the shares of the San Luis Mining Company to Mexicans. In 1961, the Minas de San Luis S.A. de C.V. was formed and assumed operations of the mine. In 1978, the remaining 49% interest was obtained by a group known as Luismin S.A. de C.V.

Historical production through 2010 from the San Dimas Mine is estimated at 11.61 million ounces of gold and 587 million ounces of silver, placing the district third in Mexico for precious metal production after Pachuca and Guanajuato. Production from the San Dimas Mine during 2010 was approximately 85,429 ounces of gold and 4.53 million ounces of silver while production in 2009 was approximately 113,000 ounces of gold and 5.1 million ounces of silver.

Geological Setting

The general geological setting of the San Dimas district is comprised of two major volcanic successions approximately 3,500 metres in total thickness: the Lower Volcanic Group ("LVG") and the Upper Volcanic Group ("UVG") separated by an erosional and depositional unconformity.

The LVG is of Eocene age predominantly composed of andesites and rhyolitic flows and tuffs and has been locally divided into five units. The LVG outcrops along the canyons formed by major westward drainage systems and has been intruded by younger members of the batholith complex of granitic to granodioritic composition. The Socavón rhyolite is the oldest volcanic unit in the district, its lower contact destroyed by the intrusion of the Piaxtla granite.

More than 700 metres thick, the Socavón rhyolite is host for several productive veins in the district. Overlying the Socavón rhyolite is the 20 to 75 metres thick, well bedded Buelna andesite. The Buelna andesite is overlain by the Portal rhyolite, ranging in thickness from 50 to 250 metres.

The overlying productive andesite is more than 750 metres in thickness and has been divided into two varieties based on grain size, but is of identical mineralogy. One variety is fragmental, varying from lapilli tuff to coarse agglomerate and the other has a porphyritic texture.

The overlying Camichin unit, composed of purple to red interbedded rhyolitic and andesite tuffs and flows, is more than 300 metres thick. It is the host rock of most of the productive ore shoots of Patricia, Patricia 2, Santa Rita, Magdalena and other lesser veins in the Santa Rita mine.

The Las Palmas Formation, at the top of the LVG, is made up of green conglomerates at the base and red arkoses and shales at the top, with a total thickness of approximately 300 metres. This unit outcrops extensively in the Tayoltita area. The lower contact between the LVG and the underlying Productive Andesite is unconformable.

The predominant plutonic events in the district resulted in intrusion of the LVG by granitic to granodioritic intrusive, part of the Sinaloa composite batholiths.

Other intrusives cutting the LVG include the Intrusive andesite, the Elena aplite and the Santa Rita dacitic dikes. The even younger Bolaños rhyolite dike, and the basic dikes intrude both the LVG and UVG. Intrusive activity in the western portion of the Sierra Madre Occidental has been dated continuously ranging from 102 to 43 million years.

The UVG overlies the eroded surface of the LVG unconformably. In the San Dimas district, the UVG is divided into a subordinate lower unit composed mainly of lavas of intermediate composition called Guarisamey andesite and an upper unit called the Capping rhyolite. The Capping rhyolite is mainly composed of rhyolitic ash flows and air-fall tuffs and is up to 1,500 metres thick in the eastern part of the district however, within most of the district, it is about 1,000 metres thick.

The San Dimas district lies within an area of complex normal faulting along the western edge of the Sierra Madre Occidental. Compressive forces first formed predominantly east-west and east-northeast tension gashes that were later cut by transgressive north-northwest striking slip faults. The strike-slip movements caused the development of secondary north-northeast faults, with right lateral displacement.

Five major north-northwest-trending normal faults divide the district into five tilted fault blocks generally dipping 35º to the east. This is highlighted in the preceding diagram. In most cases, the faults are post ore in age and offset both the LVG and UVG. All major faults display northeast-southwest extension and dip from near vertical (Peña fault) to less than 55º (Guamuchil fault). Offsets on the blocks range from a down-throw of 150 metres on the Peña and Arana faults, to more than 1,500 metres on the Guamuchil fault

Exploration

Typical of epithermal systems, the silver and gold mineralization at the San Dimas district exhibits a vertical zone with a distinct top and bottom that Primero has termed the “Favourable Zone”. At the time of deposition, this Favourable Zone was deposited in a horizontal position paralleling the erosional surface of the LVG on which the UVG was extruded.

This favourable, or productive, zone at San Dimas is some 300 to 600 metres in vertical extent and can be correlated, based both on stratigraphic and geochronologic relationships, from vein system to vein system and from fault block to fault block. Using this concept of the dip of the unconformity at the base of the UVG, Primero and its predecessors were able to infer the dip of the Favourable Zone and with considerable success explore and predict the Favourable Zone in untested areas.

Exploration of the Favourable Zone at San Dimas District has been done both by diamond drilling and by underground development work. Diamond drilling is predominantly done from underground stations as both the rugged topography, (i.e. access to surface drill stations) and the great drilling distance from the surface locations to the target(s) makes surface drilling both challenging and expensive. All exploration drilling and the exploration underground development work is done in-house by Primero. Diamond drilling is of NQ/HQ size with excellent core recoveries (in the range of +95%).

For more than 30 years, Luismin had historically and successfully applied the 30% probability factor to the volume of the Favourable Zone for estimating the volume/tonnage of Inferred Mineral Resources that will later be discovered in the zone. The factor was originally developed by comparing the explored area of the active veins at that time (San Luis, Guadalupe, Arana, Cedral, etc.) to the mined out area plus the Mineral Reserve area. However, Primero is currently re-evaluating the determination of inferred mineral resources.

At the Tayoltita deposit, silver-gold ratios have been a useful exploration tool. In most of the veins, detailed studies have shown that silver-gold ratios increase progressively within the ore zone with the contours strongly elongated along the strike of the vein. The horizontal elongations of the silver-gold ratios are thought to represent the former flow path of the ore fluids which were sub horizontal at the time of the ore deposition suggesting ore shoots can be found along these possible fluid paths.

Exploration in 2010 was concentrated on the Sinaloa Graben, located between the West Block (San Antonio Mine) and the Central Block, the Central Block (Robertita), and the Arana Hanging Wall, located between the Tayoltita mine and the Santa Rita mine. The Sinaloa Graben is a North-South trending block more than 7 kilometre long by almost 2 kilometre wide, bounded by two regional faults, Limoncito on the east and Sinaloa on the west, containing more than 10 veins of which only two, San Juan and San Vicente veins have been mined with the remainder of the veins unexplored.

In 2010, exploration drilling included 42,000 metre in 118 holes, and 315 metre of exploration drifting being completed. The majority of additional Mineral Reserves found during 2010 were located in the Sinaloa Graben.

Central Block

In the Central Block exploration (50 holes – 13,900 metres) was focused on upgrading the inferred mineral resources to proven and probable mineral reserve categories and to expand the knowledge at depth of the mineralized system. Drilling indicated that the known mineralization extends to a depth of at least 150 metres below the deepest current exploitation level.

Sinaloa Graben

In the Sinaloa Graben, 29 holes were completed for a total of 11,200 metres of drilling. Drilling was focused on improving the certainty of the inferred mineral resource and to confirm that the mineralization (ore shoots) were a continuation of the ore shoots of the Central Block. The exploration results at Sinaloa Graben continue to confirm higher grade mineralization than existing Mineral Reserves and Mineral Resources. A recent discovery while drifting in Sinaloa Graben yielded 22.8 gram per tonne of gold and 2,054 gold per tonne of silver over 4.42 metre. The newly discovered Aranza vein, along the same drift also showed high-grade with 10.3 gram per tonne of gold and 1,115 gram per tonne of silver over 2.75 metres.

Results have also proven high-grade mineralization extends beyond the Sinaloa Graben to the west (West Block) and at depth. The Santa Teresa vein, 150 metres to the west of Sinaloa Graben, showed 16.0 gram per tonne of gold and 508 gram per tonne of silver over 2.90 metres true width, which is much higher grade and width than the current average. This area has never been explored in detail and was included in the 2011 exploration plan.

Arana Hanging Wall

In the Arana Hanging Wall area, 23 holes were completed in 2010 for a total of 11,900 metres of drilling. The objective of the 2010 exploration program in the Arana Hanging Wall area was to confirm the presence of the large ore shoots suggested by previous results.

Drilling results successfully confirmed the presence of mineralization at above average Mineral Reserve grade but at narrow widths. Holes A-25-217(1) and HW-4G-01B returned 7.9 gram per tonne of gold and 778 gram per tonne of silver in a width of 0.80 metre, and 8.7 gram per tonne of gold and 203 gram per tonne of silver in a width of 0.60 metre.

A 400 metre x 400 metre grid diamond program, over an area 1.5 kilometre x 3.5 kilometre, totaling 65 drill holes was begun in 2010 in the Arana Hanging Wall. Four drill holes were completed in 2010 on this potential high grade zone with 12 holes planned for 2011 (eight of the drill sites have been prepared ready to begin the drilling).

Development drilling in 2011 was focused in the Central Block and Sinaloa Graben areas. The Central Block area is still expected to provide the majority of the ore at the San Dimas Mine, with a small amount of higher-grade ore to come from the main exploration area of Sinaloa Graben. Primero intends to construct additional tunnels in 2011 to open new access routes to the main production and exploration areas and increase operational flexibility.

The 2011 exploration plan was intended to increase Mineral Reserves and Mineral Resources at a higher rate than in recent years. The plan includes the operation of 12 drill rigs in 2011 (nine in 2010), 53,000 metres of diamond drilling and 3,800 meters of exploration drifting. Drilling will target the Sinaloa Graben area, the Roberta, Robertita and Julieta veins in the Central Block, and the Arana Hanging Wall area. The three-year plan also includes exploration of the larger land package at the San Dimas Mine as historically only the immediate mine area has been explored in detail.

It is anticipated that drifting in Sinaloa Graben will approach the Roberta, Robertita and Nancy high-grade veins systems of the adjacent Central Block in 2011. These veins account for the majority of the production at the Central Block and are expected to account for a large portion of the Mineral Reserves within the Sinaloa Graben.

Exploration results in Sinaloa Graben continue to confirm mineralization of a higher grade and in wider veins than average existing Mineral Reserves. Primero anticipates that within five years the Sinaloa Graben will contribute about 50% of production at the San Dimas Mine.

Mineralization

The deposits of the San Dimas district are high grade, silver-gold-epithermal vein deposits characterized by low sulphidation and adularia-sericitic alteration formed during the final stages of igneous and hydrothermal activity from quartz-monzonitic and andesitic intrusions.

As is common in epithermal deposits, the hydrothermal activity that produces the epithermal vein mineralization began a few million years after the intrusion of the closely associated plutonic rocks and several million years after the end of the volcanism that produced the rocks that host the hydrothermal systems. At San Dimas, based on age determinations, the average period between the end of late stage of plutonism and the hydrothermal activity is 2.1 million years, however hydrothermal activity continued for at least another 5.0 million years. Older veins appear more common in the eastern part of the district whereas younger veins are found in the western part.

The mineralization is typical of epithermal vein structures with banded and drusy textures. Within the San Dimas district, the veins occupy east-west trending fractures except in southern part of Tayoltita where they strike mainly northeast and in the Santa Rita mine where they strike north-northwest. The veins were formed in two different systems. The east-west striking veins were the first system developed, followed by a second system of north-northeast striking veins. Veins pinch and swell and commonly exhibit bifurcation, horse-tailing and sigmoidal structures. The veins vary from a fraction of a centimetre in width to 15 metres, but average 1.5 metre. They have been followed underground from a few metres in strike-length to more than 1,500 metres. An example of a vein with mineralization in the Favourable Zone extending for more than 2,000 metres in the Tayoltita Mine, the San Luis Vein, is illustrated below.

Three major stages of mineralization have been recognized in the district: 1) early stage; 2) ore forming stage; and 3) late stage quartz. Three distinct sub-stages of the ore forming stage also have been identified, each characterized by distinctive mineral assemblages with ore grade mineralization always occurring in the three sub-stages: 1) quartz-chlorite-adularia; 2) quartz-rhodonite; and 3) quartz-calcite.

The minerals characteristic of the ore forming stage are composed mainly of white, to light grey, medium to coarse grained crystalline quartz with intergrowths of base metal sulphides (sphalerite, chalcopyrite and galena) as well as pyrite, argentite, polybasite, stromeyerite, native silver and electrum.

The ore shoots within the veins have variable strike lengths (5 to 600 metre); however, most average 150 metre in strike-length. Down-dip extensions of ore shoots are up to 200 metre but are generally less than the strike length.

Drilling

Primero conducts a continuous program of exploration/development diamond drilling throughout the year at each of its mines with its own rigs. Twelve diamond drill rigs and crews are employed in the mines, of which four are contracted.

Development drilling in 2011 was focused in the Central Block and Sinaloa Graben areas. The Central Block area is still expected to provide the majority of the ore at the San Dimas Mine, with a small amount of higher-grade ore to come from the main exploration area of Sinaloa Graben. Primero intends to construct additional tunnels in 2011 to open new access routes to the main production and exploration areas and increase operational flexibility.

Sampling and Analysis

Other than the control samples collected at the mill for material balance, two principal types of samples are collected daily from the mine workings: (1) samples of the mineralized zones exposed by the mine workings; and, (2) samples of the diamond drill core from the exploration/development drilling.

Samples are also collected, but on a less routine basis, from mine cars and from the blasted rock pile in a stope. Individual samples collected from a mineral shoot in certain veins can show considerable variation both vertically and horizontally in the vein as observed by samples from subsequent slices of the stope or from samples taken from the top of the pile of blasted rock in the stope compared to the samples from the back. Grade control in these veins is achieved in part by the considerable number of samples taken.

Drill core samples, after being sawn in half, are bagged, tagged and sent to the mine assay laboratory. Several hundreds of samples are collected and processed every month at the mine assay laboratory. Several hundreds of samples are collected and processed every month at the mine assay laboratories.

At each of the mines, the mine workings are sampled under the direction of the Geological Department initially across the vein, at 1.5 metre intervals. Splits are also taken along the sample line to reflect geological changes. No sample length is greater than 1.5 metres. Once the ore block has been outlined and the mining of the block begins, the sample line spacing may be increased to 3.0 metres. Sampling is done by a chip-channel, cut across the vein. Sample chips of similar size are collected on a canvas sheet then broken into smaller sized fragments, coned and quartered to produce a 1 to 2 kilogram sample, which is sent for fire assay at the mine assay laboratory. Sample intervals are clearly marked on the underground workings with spray paint.

Samples are crushed, homogenized, ground and split at the mine assay laboratory to produce a 10 gram representative pulp sample for fire assaying. Routine quality control is carried out with every tenth sample repeated as a check assay done between the mine assay laboratory, and check assays at SGS laboratories in Durango. Routine assaying of standards is also carried out at the mine assay laboratory.

Security of Samples

The procedures used by Primero's assay laboratories are those originally introduced by the former American mine owners. Certain steps have through time become somewhat slack and could be improved, perhaps through more rolling of the pulp sample for improved homogenization, better control of dust and rock chips in the crushing-grinding area.

In order to monitor the quality of the assay results of the Tayoltita mine laboratory, Primero every three months sends a series of blanks, standard and duplicate samples to the commercial laboratory SGS in Durango Mexico. A total of 728 samples were sent for comparative analysis in 2010.

The Tayoltita results, particularly during the first and fourth quarters of 2010 showed differences of some concern of the assay results with those of the SGS laboratory and particularly those of the gold assay results of the blank and standard samples. These differences could be due to the weighing of the sample; the method of analysis; a human error; or contamination of the sample at the start of the assaying process; or a combination of them.

WGM noted during the visit to the Tayoltita laboratory that the Primary Crusher was contained in the same room as that of the further processing (grinding and splitting etc.) and WGM suggested that the dust from the Primary Crusher might be contaminating the sample and the cause of the differences. Primero plans to relocate and separate the Primary Crusher from the grinding of the samples.

WGM recommends that Primero continue and closely monitor the program of sending the samples to the SGS laboratory to ensure the quality of the Tayoltita assaying is neither over nor under estimate the mineral reserves. WGM believes, however, that the sample preparation, analysis and security process is without any serious problems.

Mineral Reserve and Mineral Resource Estimates

See "Description of the Business – Technical Information – Summary of Mineral Reserves and Mineral Resources" for the estimated Mineral Reserves and Mineral Resources for the San Dimas Mines as of December 31, 2010.

Mining Operations

The mines of Primero in the San Dimas district consist of three underground gold and silver mining operations at Tayoltita, San Antonio (Central Block) and Santa Rita. With the current and near term mine plans, the Central Block is scheduled to provide the San Dimas mine production. Production is programmed to come from 10 veins (35 stopes) in the Central Block. With completion of the San Luis Tunnel, development of the Central Block has evolved to connect with the San Antonio mining area. This mining area is characterized by veins that dip 75° with variable widths and is currently being developed as an important mining area for San Dimas. The typical mining operations employ mechanized cut-and-fill mining using load, haul and dump equipment. Primary access is provided by adits and internal ramps from an extensive tunnel system through the steep mountainous terrain. All milling operations are now carried out at a central milling facility at Tayoltita which has a capacity of 2,100 tonnes per day. The ore processing is by conventional cyanidation followed by zinc precipitation of the gold and silver followed by refining to doré.

The San Antonio Mill operation was put into care and maintenance in November 2003 with all milling consolidated to the Tayoltita Mill and all former San Antonio mine production considered part of the Central Block Mine operation. In 2010, the mill averaged 1,806 tonnes per day (339 days of operations).

The Tayoltita mill presently employs two-stage crushing and two ball mills (3.7 metres x 4.3 metres) that can operate simultaneously or separately to achieve 70% to 75% passing 200 mesh. Leaching is completed in a series of tanks providing 72 hours of leach residence time. The pregnant solution is recovered in a counter current decant (“CCD”) circuit with the gold and silver recovered from solution in a zinc precipitation circuit. Two pumping systems have been installed to transport the high density tailings (53% solids) slurry to a box canyon 1,847 metre east and up 125 metre from the mill site for permanent disposal. Refining uses an induction furnace to produce 1,000 oz gold and silver doré bars (average 98% pure).

The Tayoltita Mill has undergone a series of plant expansions over its operating life which has resulted in two small ball mills in parallel as well as a series of small tanks in the leaching and CCD circuit. An expansion at Tayoltita in 2003 increased the nominal capacity to 2,350 tonne per day to replace the capacity required for shutdown of the San Antonio Mill. This expansion included a new cone crusher and dust collection/system and the installation of a 1,000 horsepower ball mill providing two stage grinding and the Putzmeister tailings pump. The expansion retrofitted a number of existing tanks for higher capacity for solid liquid separation. As well, the expansion included more automation, process controls and a general upgrade of the plant power distribution / control system.

Las Truchas Hydro Generating Power Plant/Line

The construction of the Las Truchas hydro generated power line that began in 2005 and were completed in 2008. This 34 kilovolt ampere power line from Las Truchas Dam, 42 kilometre north of the San Dimas Mine, has expanded the former available power from 1.4 megawatt to 7.0 megawatt (Stage 1) and reduced power costs from 11 cents per kilowatt hour to 1.5 cents per kilowatt hour. More than US$33.0 million has been invested since 2005 (US$20.9 million in 2007) to complete Stage 1. Stage 1 involved both the relocation of the town at the dam site and the construction of a new power house. Primero intends to proceed with Stage II to provide an additional 7 megawatt to further reduce operating costs at the mine. The face of the dam will be increased by Primero to increase storage capacity to maintain power production during the dry season.

During 2010 some of the parameters in the operation of the hydroelectric facility were determined to justify the viability of a second stage. Also during 2010 it was possible to exercise the important option to interconnect with the local power grid (CFE) through the improvement of the main substation at Tayoltita that will allow in 2011 to form a buy/sell contract for the surplus energy to the district network.

Tayoltita Tailings

The very rugged mountainous terrain and steep walled canyons in the San Dimas district have presented formidable challenges to tailings management as the scale of operations grew and storage areas were depleted. The Tayoltita operation has developed numerous tailings disposal sites in the valley near the mill and in more recent years, the tailings dam has been moved up the valley to the east of the mill. At that time the operation relied on 10 pumping stations to elevate the tailings to the containment site. The operation included the tailings line and solution return line on cable supports to cross the river valley without any provisions for spill containment in the event of a line failure.

The historical construction practice has been to gradually build containment basins on the steep hillsides using thickened tailings while continuously decanting the solutions for recycle to the mill. On abandonment, the dried tailings were left to dehydrate and efforts to establish a natural vegetation cover have been undertaken. The abandoned dams in the area are subject to erosion and instability until remediation measures are taken. On three of the older tailings dams near the Tayoltita mill, the land has been reclaimed for use as a soccer field, a softball field, and a garden nursery.

Monitoring of the Piaxtla River downstream of the Tayoltita tailings deposits has not shown any environmental impact on the water quality, but it may be impacted with higher suspended solids in periods of heavy rainfall. Under the current San Dimas plan, the Tayoltita Mill operation and future expansion will process all ore mined in the district with all tailings deposited in the currently active Cupias tailings disposal dam. Since significant capital improvements have been made at the Tayoltita tailings operation and further improvements to the dam and operating practices are planned.

During 2007, stages II and III of the AMEC (a geotechnical consulting company, based in Vancouver) remediation of the Tayoltita tailings dam were completed with the reinforcement of the dam bank with the compaction of 621,800 cubic metre of borrowed material. The 10 relay tailings pumping stations were replaced with three positive displacement pumps operating in parallel and a new tailings pumping system installed with the capacity to pump high density tailings (53% solids) a distance of 1,847 metre and up a 125 metre difference in elevation to the dam. High capacity thickeners have been added to the mill to increase the tailings density and reduce the solution containment, hydrostatic heads, and return capacity required at the tailings dam. At the river crossing, the tailings lines are suspended in a spill recovery trough with provision to divert any spills into a containment area.

Construction of the initial phase of an earthen berm against the downstream side of the dam had been completed to increase the safety factor of the containment structure. During the past year, the most important works were the construction of two basins in the back of the dam with a 50,000 cubic metre capacity to collect and neutralize the “contact water” (the water that falls on the dam) that could contaminate the dry tailings deposited and a second basin (in series with the previous basin) in case that the first basin’s capacity is exceeded. A perimeter wire fence was also constructed around the tailings dam area to neutralize the contact water dam area to limit the access by persons and animals. The project includes the construction of a seepage drainage and collection channel below the dam.

During 2007, stages II and III of the remediation recommendations by AMEC (Canadian consultant) were completed and the storage capacity at a mill rate of 2,500 tonne per day is more than 30 years.

During 2010 the installation of the third filter band (113 metre) at Cupias was started to guarantee that 100% of the tailings coming from the beneficiating plant (mill) could be processed. At the end of 2010 the project had advanced with 50% of the project completed and with the advantage that the filter had arrived in the customs house and the major critical components were already in Tayoltita (vacuum pump belt etc.). Primero plans to terminate the third filter house by April 2011 at a total investment of US$2.27 million.

San Antonio Tailings

Due primarily to the exhausted capacity of the tailings dam, the San Antonio Mill operation was shutdown in 2003. The tailings dam site is located in a turn in a steep walled river canyon downstream of the mill operation. The river has been diverted through two tunnels which have been excavated in the canyon wall on the inside of the river bend. A third tunnel for road access has been excavated and also serves as an additional channel for the river in high flow periods. In the 2002 due diligence by Wheaton River, the San Antonio tailings dam was identified as a risk to failure due to a low safety factor in the dam, risk associated with an unknown hydrostatic head in the active tailings deposition area, and possible erosion due to a flood event in the adjacent river.

Since the shutdown of the mill operations, some of the risk has been removed by elimination of the hydrostatic head in the dam and diversion of a local drainage channel. It has been proposed that the dam safety factor be increased by extending the concrete wall on the upstream side of the dam and protection of the downstream side by covering with mine waste rock. These measures would also decrease the erosion potential of the tailings. Some of this work has been initiated while options to close and reclaim the tailings dam were studied. DMSL received approval to reclaim the San Antonio dam by stabilizing the tailings in their current location after the submittal of an environmental assessment that demonstrated the validity of the plan. A scale model was developed that through a series of tests determined the best design from the hydraulic aspect and to determine if some of the design features needed to be augmented. During 2007, in agreement with the design by Knight Piesold (Canadian geotechnical consultant), the emplacement of rock filled berm began with about 60% completed, however the rains and lack of an access road significantly affected progress.

During 2008, the works were completed with a cover of compacted concrete on the dam face that will form a three step waterfall in the case of a maximum flow of water (rainfall). The present hydraulic dam design was confirmed during 2008 through a series of tests.

Presently the dam is in a monitoring phase to determine if existing tailings displacements can physically affect the concrete. To-date some vertical displacement (settling of the material) during the rainy season has been detected. It is anticipated that this monitoring would require about six months.

Capital expenditures for environmental purposes since totaled approximately US$10.7 million at Tayoltita/Cupias and US$9.6 million at San Antonio. In 2010, approximately $1.5 million was spent installing a third tailings filter. The full project costs $2.3 million and was 65% complete at December 31, 2010.

Capital expenditures on the remediation of the San Antonio tailings dam since 2005 has totalled approximately US$9.6 million at the end of 2008. Due to problems with the landowners ("ejido") it was not possible to advance very much with this project, one was able to prepare the aggregate material that will be used on the water dam below (based on the Hermosillo Sonora engineering study titled "Basic Engineering Studies"). Primero plans to complete this project during the first six months of 2011. The only remaining items to complete are the concrete covering of the dam and the construction of a diversion channel.

Environment

At the time of Goldcorp's acquisition of the San Dimas operations (through a predecessor company, Wheaton River Minerals Corporation), the practice in the design and operation of tailings containment sites in the San Dimas district complied with the requirements of Mexico and with the permits issued for the dams. To bring the facilities to international guidelines, a series of improvements were identified as necessary to reduce risk as well as the potential environmental impact. Since the acquisition by Goldcorp in 2002, a number of improvements have been made and extensive work is ongoing to further improve the standard of the tailings operation.

Goldcorp's practice had been to discharge tailings from the cyanidation mills to unlined structures designed to settle the solids and collect solutions for recycle to the milling operations. The containment dams were typically constructed with cyclone underflow, and the overflow drains to decant structures in the central portion of the dam. Previously the tailings containment sites had not been subjected to comprehensive geotechnical investigations before construction, normal safety factors in dam design nor monitoring or control of seepage.

The deficiencies with the tailings management aspect of the operations were addressed by Goldcorp and capital investments were made to upgrade the containment structures and tailings operations to bring them more in line with accepted practice. Capital expenditures for environmental purposes since 2004 have totalled approximately US$10.7 million at Tayoltita/Cupias and US$9.6 million at San Antonio. In 2005, US$1.3 million was spent on the San Antonio tailings, and US$2.2 million in 2006 and US$1.6 million in 2007. Investment in the Tayoltita tailings dam in 2005 was US$1.6 million, US$0.6 million in 2006 and US$3.2 million in 2007.

Environmental requirements in Mexico can be expected to become more aligned with world standards in the future. The planned capital expenditures and changes to upgrade the San Dimas tailings management operations are expected to continue to comply with the operating standards required in Mexico, and to ultimately achieve compliance with international guidelines.

Production Information

The following table summarizes 2008 to 2011 silver production from the San Dimas Mines:

	Units	2008	2009	2010	2011
Ore Processed	(tonne)	657,479	673,311	612,253	662,612
Gold Grade	(g/t)	4.3	5.4	4.5	3.9
Silver Grade	(g/t)	259	249	244	226
Gold Recovery	(%)	97	98	97	97
Silver Recovery	(%)	94	95	94	96
Produced Gold	(oz)	86,682	113,018	85,429	79,564
Produced Silver	(oz)	5,113,466	5,093,385	4,530,000	4,602,846

YAULIYACU MINE, PERÚ

Neil Burns, Vice President Technical Services of the Company, and Samuel Mah, Director of Engineering of the Company, prepared the technical report in accordance with NI 43-101 entitled "2010 Resource and Reserve Update, Yauliyacu Mine, Perú" dated March 30, 2011 (the "Yauliyacu Report"). Neil Burns and Samuel Mah are each qualified persons within the meaning of NI 43-101.

The following description of the Yauliyacu Mine has been summarized from the Yauliyacu Report and readers should consult this report to obtain further particulars regarding the Yauliyacu Mine. The Yauliyacu Report is available for review on the SEDAR website located at www.sedar.com under the Company's profile.

Since mid 2009, concentrate shipments from the Yauliyacu mine have been affected by the shut-down of the Doe Run Peru La Oroya smelter, the largest buyer of the bulk concentrate produced at the mine. Since that time, alternative smelting arrangements have been made by Glencore for a portion of the stockpiled bulk concentrates at Yauliyacu, leading to an inconsistent delivery schedule and delaying the eventual complete reduction of this bulk concentrate. In the second quarter of 2011, Glencore began producing separate, and more marketable, copper and lead concentrates, replacing the bulk concentrate. The consistency and quantity of these new concentrates has now stabilized, with more consistent silver deliveries to Silver Wheaton from the copper concentrates expected in future quarters. Discussions between Glencore and prospective offtakers for the new lead concentrates are ongoing, and until such offtake agreements are established, sales of lead concentrates will continue to have an inconsistent delivery schedule.

Project Description and Location

The Yauliyacu Mine is located at latitude 11°38'S and longitude 76°14'N at an elevation of 4,250 metres above sea level in the District of Chicla, Huarochiri Province in the Department of Lima. The mining concessions of the silver agreement consist of 21 surveyed concessions totaling 14,194 hectares.

The Yauliyacu Mine is a well developed mine with the complete infrastructure typical of an operating mine consisting of process plant, mine offices, various repair shops, an assaying laboratory, living quarters, dining facilities, medical centre, etc. The mine operates year round and has been in operation more than 100 years. The underground mine is developed on 26 levels, the lowest level is the 3900 level located at 3,649 metres above sea level. There are four principal levels above the 3900 level: levels 2700; 1700 (where the mine offices, concentrator, main horizontal access and ore extraction are located); 800, and 200. The levels between these principal levels are unevenly spaced with an average distance of approximately 60 metres.

The Graton Tunnel, built by the Cerro de Pasco Mining Company, extends from the Rio Rimac for 11.5 kilometres under the Yauliyacu Mine. The tunnel is connected to the mine above to assist in drainage and ventilation.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Yauliyacu Mine is accessible by paved road approximately 2.5 hours from the capital city of Lima, along the central highway (Carretera Central) that runs east from Lima to the mine and continues up and over the Andean Cordillera into the Peruvian jungle. The central highway runs parallel to the valley of the Rio Rimac, as does a railroad that was built to service the La Oroya smelter and the Cerro de Pasco mines. Numerous daily, worldwide flights to and from various countries arrive at Lima's International Airport. Access to the mine is also possible from Callao, the port city of Lima located 10 kilometres northwest from the centre of Lima, on the Pacific coast.

The western slopes of the Andes, in Central Peru, present strong topographic and climatic contrasts. Along the continental divide, the snow covered peaks (above 4,500 metres above sea level) present a frigid to glacial climate, while areas between 4,000 to 4,500 metres (altiplano) exhibit cold (boreal) climates. In the valleys below 4,000 metres above sea level, the climates vary from temperate to hot in the deep valleys near the coast. The snow capped peaks and altiplano areas show a marked variation in temperature between day and night, while in the valleys the temperature variations are more moderate. In general, the average temperature varies between 6 degrees Celsius and 16 degrees Celsius from the peaks to the coast. The mine property at 4,200 metres above sea level exhibits a cold climate during the dry season, May to November with below freezing night-time temperatures. During the wet season the temperature is more temperate, the highest temperatures being recorded in November and December.

The rainy season corresponds to the austral summer, with maximum precipitation occurring between the months of December to April, characterized by abundant rainfall between elevations of 2,500 to 3,900 metres above sea level. Above 3,900 metres above sea level, the precipitation is in the form of snow and hail. Often the rainfall is accompanied by electrical storms. The dry period corresponds to the months of May through November, although occasional precipitation does occur during this period in the altiplano and along the continental divide. Virtually no rainfall occurs between June to August, which are also the coldest months.

The property area is sparsely inhabited by predominantly experienced miners. Inhabitants located along the valleys are engaged in the raising of livestock and in agriculture, typically cultivating potatoes, beans, corn and wheat along the river margins using irrigation canals along the adjacent valley walls. The major agricultural production comes from the cultivated terraces along the sides of the rivers.

Vegetation in the area is intimately related to the climate and elevation. In the Altiplano, agriculture disappears and natural pastures exist for grazing sheep, cows and llamas. Occasional small forests can be found at the heads of the valleys.

Water in the major valleys flows year round, the product of glacial melts at the headwaters, and is generally readily available. For example, the Rio Rimac flows year round and is a major water source of the city of Lima. The water for agriculture along the slope, however, is brought downstream from the rivers by a series of far-reaching aqueducts.

A high voltage power line, belonging to Electro-Andes S.A., provides power to the mine. There are plans for the mine to participate in the building of a gas turbine electrical generator that will be connected to electrical grid. This will assure sufficient electrical power during low precipitation periods through Peru's hydroelectric power generators.

History

Mining in the Casapalca district dates back to the early Spanish colonial period when it was restricted to outcropping, or near surface veins. It is believed the Spanish primarily recovered native silver from rich hydrothermal veins or from the oxidized zones.

Modern style mining began at the end of the 19 th century in 1887 with Cia de Minas Los Andes (of Backus and Johnston) on the Rayo vein. Cia Backus and Johnston started the exploration, development and exploitation of several of the mineralized structures in the Casapalca district (Carlos Francisco, Carmen, Bella Union and Aguas Calientes).

In 1921, Cerro de Pasco Corp. ("CPC") acquired the Casapalca mine and most of the mining permits and licenses. The current Yauliyacu permits and licenses are from these original land holdings. CPC also built the Graton tunnel.

In January 1974, Centromin Peru (Centromin), a state owned company gained ownership of the Casapalca mining district and through development and selective mining on a mass-scale increased production to 64,000 tonnes per month. In 1997, Empresa Mineral Yauliyacu SA, whose largest shareholder is Quenuales International, purchased the mine. In the purchase deal agreement, the Casapalca mining district was split into two mining areas, the Yauliyacu and Casapalca mines. The Casapalca mine is now owned by Cia. Minera Casapalca S.A., a privately owned company. Although both mines are connected underground, Casapalca operates from its own separate accesses.

In 1998, Yauliyacu implemented a radical improvement action plan and increased the production to 90,000 tonnes per month. New orebodies were delineated that were amenable to more bulk mining methods such as sub-level stoping.

The geology of the Casapalca area was first mapped in 1928 by H.E. McKinsey and J.A. Noble. In 1932, their publication "Veins of Casapalca" outlined the general structures and mineralization of the district. There has been a series of studies on the deposit between 1960 to 1980 including those of Sawkins (1974) and Alverez (1980) whose studies concentrated on fluid inclusions and metal zoning.

Geological Setting

The regional geological setting of the western side of the Andean Cordillera of central Peru is an area of deep valleys with steep slopes, and elevations varying from 800 metres above sea level on the west side, to more than 5,400 metres above sea level on the east side at the continental divide. The development of the geomorphology occurred in the Cenozoic and gave rise to the following units:

- Dissected western Andean slopes
- Zone of the altiplano
- Remnants of the Puna plain
- Valleys and the zones of the high peaks

The stratigraphic sequence includes rock units from the Paleozoic up to present on the eastern side of the continental divide, and from the Mesozoic on the western side. The oldest rocks are exposed in the centre of the Yauli dome and are those of the Excelsior Group, a pelitic sequence regionally metamorphosed by the Hercinian tectonic disturbance (upper Devonian). Overlying discordantly is a volcanoclastic series represented by the Mitu Group, the result of intensive erosion at the end of the Hercinian event. As a result of the Hercinian orogeny, a zone was uplifted and basins were formed on the east and west flanks. These basins lasted until Albian times (lower Cretaceous).

Mesozoic sedimentation began with a marine transgression, represented in the east by the limestones of the Pucará Group. During lower Cretaceous there were two principal facies being accumulated: 1) the western basin, represented by the Formations Chimú, Santa, Carhuaz and Farrat, mainly sandstones and limestones; and 2) the eastern basin, represented by the Goyllarisquizga Group of sandstones-quartzites and interbedded shales.

During the Lower Cretaceous (Albiano), a general marine transgression occurred, caused by the sinking of the basin, which gave rise to deposition in both basins. This deposition consisted of calcareous sequences comprised of the Pariahuanca, Chúlec, Pariatambo, Jumasha and Celendin Formations. At the same period in the most western part of the basin volcanics interbedded with sediments (Quilmaná Group) were deposited. At the end of the Cretaceous and start of the Tertiary during uplift of the Andean mountains, emplacement of large plutonic bodies took place (coastal batholiths). In the eastern sector, deposition of a molasse sequence (Casapalca Formation) resulted from erosion of the uplifted Andean mountains.

Deformation took place in the Eocene (Incaica phase) in the form of folding of the Mesozoic sequence (including the red beds of the Casapalca Formation).

In its final stage, the tectonic event produced magmatic extrusives that covered the area. Volcanic ashes and lava flows were interbedded with the continental sediments, represented by the Rímac and Colqui Groups (western basin), and volcanics of the Carlos Francisco, Bellavista and Rio Blanco Formations to the east.

The tectonic activity at the end of the Oligocene folded these units and generated new faults that followed the pre-existing structural model. The region was subsequently overlain by a volcanic-sedimentary sequence (Millotingo), which was later affected by the Quichuana tectonic phase which resulted in explosive volcanism of the Huarochirí Formation.

Near the end of the Quichuana tectonic phase (between the Miocene-Pliocene), a centre of explosive eruptions and lava flows occurred, which marked the end of the Andean deformation cycle and start of the orogeny that produced the Puna surface. The Puna surface was gradually uplifted to 4,000 metres above sea level (Pliocene-Pleistocene) by a system of gravitational (horst-type) faults.

Cenozoic structural development occurred in the form of faulting, folding and emplacement of plutonic and hypabyssal bodies. Mineralizing solutions, related to the magmatism that followed the Miocene deformation, were introduced probably before the deformation of the Lower Pliocene.

Many of the mineral deposits were emplaced in Tertiary volcanic rocks as fracture infillings by hydrothermal solutions.

Fluvial and glacial erosion intensified with uplift during Pliocene-Pleistocene, resulting in deeply incised valleys. The present morphology of the Andes is closely related to the stages of glacial erosion.

Property geology is underlain by a series of Tertiary age bedded rocks that consist principally of sandstones, calcareous shales, limestone, breccias, tuffs and lavas (approximately 5,400 metres thick).

The stratigraphy is exposed in a series of anticlines and synclines that are part of the Casapalca Anticlinorium. This axis of this principal structure strikes N20°W, generally paralleling the Andes mountains.

The Yauliyacu deposit is described as a hydrothermal polymetallic vein type deposit, believed to result from circulating hydrothermal fluids. These fluids extracted, transported and then precipitated sulphide minerals into open space fillings and replacement bodies. Chloride-rich brines and recirculating meteoric waters interacted to produce the ore fluids. Sulphides precipitated as a result of decreased pressure and temperature, reaction with the wallrock, or a mixing of fluids. The origin of the metals is thought to be either magmatic or dissolved from the country rocks.

Exploration

Throughout the mine life at Yauliyacu, the focus of exploration has been the continued expansion of mineralized zones (Vetas, Cuerpos, and Horizontes) within the mining lease. Over the years the mine has been extremely successful at replacing production, as well as expanding resources and reserves.

The majority of exploration at Yauliyacu takes place within the mine due to the rugged terrain and current depth of mining and mineralization. However, surface trenching is an important tool in locating new veins and the upper extensions of veins defined at depth. The main forms of underground exploration are drilling and development.

Exploration at depth remains a priority and with success will result in the deepening of the Pique Central shaft down to the Graton Tunnel level. The Ricardito Tunnel has been slashed (4.5 metres x 4.0 metres) to allow access for the larger mining equipment. The enlarged tunnel has improved ventilation and productivity in the lower mine.

Mineralization

The Yauliyacu deposit is described as a hydrothermal polymetallic vein type deposit, believed to result from circulating hydrothermal fluids that extracted, transported and then precipitated the sulphide minerals into open space fillings and as replacement bodies. Chloride-rich brines and recirculating meteoric waters interacted to produce the ore fluids which as a result of decreasing pressure and temperature and reactions with the wall rock or by mixing of the fluids precipitated the sulphides. The origin of the metals is thought to be either magmatic or from the interaction of the fluids with the country rocks accumulating the metals. Characteristic of this type of deposit is the problem of the continuity of the mineralization and the mineralogical variations along the vein system. As the hydrothermal fluids precipitate the sulphides resulting in changes to the chemical composition of the fluids, this produces a continually varying chemical and mineralogical deposition along the vein.

The mineralization of the Casapalca occurs in two forms as hydrothermal polymetallic veins (Vetas) and as disseminated orebodies (Cuerpos). The veins are known to be up to five kilometres of which four kilometres have been exposed underground. Typically the veins are 0.3 to 1.2 metres in width with a known vertical range of over two kilometres. Strike slip faulting, prior to the mineralization event, has controlled the vein structures with the formation of duplexes.

In the veins, the ore forming minerals are mainly sphalerite, galena, tetrahedrite, tennantite and chalcopyrite. The typical gangue minerals are pyrite, quartz, calcite, rhodocrosite, dolomite, sericite and manganiferous calcite.

Drilling

As in most underground mines, diamond drilling is vital to the continued operation of Yauliyacu. Limited resources and reserves can be drilled at a time, due to access constraints within the underground development. Thus, a focused annual drilling program is required.

The majority of underground drilling uses BQ size core. When large underground openings are encountered, the void is cased with NQ and the hole is continued with BQ. Deep holes from either surface or underground typically begin with HQ and reduce down to NQ.

Sampling and Analysis

The two main sampling methods at Yauliyacu are diamond drill core and underground channel sampling. All core designated for sampling is cut with a diamond blade saw and flushed with fresh water. The core is cut so that it approximately halves the mineralization. If mineralization is not homogenous a geologist marks a cutting line directly on the core. One half is selected for analytical analyses and the remainder is archived in the core box. All core are considered to be representative of the mineralization that was drilled. Channel samples are collected by the Geology Department using hammer and chisel perpendicular to the veins on 1.0 to 2.0 metre intervals with samples varying in length from 0.1 to 1.0 metre with a minimum weight of 3.0 kilograms. Locations are marked using spray paint. Sample intervals are chosen to preserve changes in lithology and mineralization intensity. Where possible additional samples are taken into the adjacent host rock so that the economic limits of the mineralization can be properly defined. Care is taken to ensure that the sulphides and host rocks are representatively sampled since the host rocks tend to be much harder than the sulphides.

The sample preparation laboratory is located within the mine site analytical laboratory building. Separate areas exist for the preparation of Mine and Process Plant samples. Sample preparation equipment consists of drying ovens, jaw crushers, roller crusher, Rocklabs pulverizers, riffle splitters, vent hoods and a climate controlled balance room. Sieve tests are done regularly to ensure the desired reductions are obtained. Machines are cleaned with compressed air after each sample and quartz is regularly passed to ensure cross contamination does not occur.

All Yauliyacu samples are analyzed at the mine site analytical laboratory. The following two methods of analysis are routinely done: 1) Fire Assay (FA) for gold and silver and 2) Atomic Absorption Spectrometer (AAS) for zinc, lead, copper, silver and iron. Due to its high altitude location, the balance room is temperature and humidity controlled to ensure precision.

The laboratory is planning to purchase an X-ray fluorescence (XRF) machine during 2011. XRF analyses is a widely used physical method that has advantages over atomic absorption as it does not have difficulties related to small sample size, incomplete dissolution, matrix effects and sample in homogeneity. XRF allows for the analyses of a greater number of elements than is currently possible with the AAS equipment. XRF has higher detection limits, which will result in less Fire Assaying for gold and silver.

The analytical laboratory obtained ISO 9001 certification in December 2009 and was re-certified in December 2010.

The Yauliyacu laboratory has its own independent QA/QC system consisting of the following types of check analysis:

- Duplicates -every 10th sample
- Standard Reference Material (Standards) -every 5th sample for FA and every 25th wet sample analyses
- Blanks –every 50th sample
- External analyses –beginning in 2011, 10 – 15 randomly selected samples will be sent to external laboratories for comparative analyses

Security of Samples

The following data security procedures are in place at Yauliyacu:

- Samples sent from the core shack and received at the laboratory are both documented.
- Traceability records prevent errors in identification and ensure the sample history can be followed as part of the analytical chain of custody.
- All records and reports are archived.
- Rejects and pulps are archived in case a new analysis is required.
- The balances and climate monitoring systems are certified annually by an external group. The two AAS machines are certified twice a year.
- Analytical results are digitally transferred to a secure database to prevent data entry errors and tampering.
- The laboratory has implemented a computer system for tracking the samples through the analyses steps. This system is very secure and also has the benefit of automatically shuffling the position of the QA/QC samples and the specific Standards used.
- In 2011, the laboratory is scheduled to implement Thermo Fisher's "Laboratory Information Management Systems" (LIMS) which provides control of processes with rigorous testing and real-time monitoring. This software system will include bar code sample ticketing which will eliminate the potential for sample swapping through each of the sampling, preparation and analytical stages. Glencore plans to implement the LIMS system at all of its South American operations.

Mineral Reserve and Mineral Resource Estimates

See "Description of the Business – Technical Information – Summary of Mineral Reserves and Mineral Resources" for the estimated Mineral Reserves and Mineral Resources for the Yauliyacu Mine as of June 30, 2011.

Mining Operations

The underground mine is accessed from several adits located at various elevations. Currently, the mine is divided into five operating Sections over the 26 levels. In general, the levels are spaced approximately 60 metres apart. The primary access is the 1700 level, which is also where all the production exits the mine using an electric rail haulage system. Active mining at elevations below this horizon use mobile equipment to transport the ore to an internal winze system (Pique Central - vertical shaft from 3900 to 1700 level, Pique Aguas Calientes – inclined shaft from 3900 to 2100 level). A network of internal raises has been developed to handle the ore and / or waste generated in the upper mine (above 1700 level). Loading chutes installed at the bottom of these raises are pulled to load directly onto the rail cars for transport out of the mine.

At Yauliyacu, four mining methods are employed to extract the three ore body types (Vetas, Cuerpos, Horizontes). These include modern mechanized mining methods using trackless equipment wherever possible (cut and fill, sub-level open stoping) and other more selective captive techniques using hand-held equipment (shrinkage, narrow vein open stoping).

To meet the production capacity and provide sufficient flexibility, the operation strives to maintain in the order of 40 active stopes for production (18 Cuerpos, 22 Vetas). Development headings in ore are approximately 20 (10 Cuerpos, 10 Vetas).

Modern mine planning utilizes both Datamine and AutoCad to support production and mine development scheduling.

Mining Method

Depending on the continuity, dip and width of a mining block, an appropriate mining method is assigned that will optimally extract the ore.

Conventional cut and fill mining techniques are utilized for its selectivity in poor to fair ground conditions with a Rockmass Rating ("RMR") > 45. In Vetas, the narrow widths restrict the type of equipment to hand-held and small scale pneumatics. As mining widths allow (Cuerpos), micro-scoops can be used to improve on stope productivities. Ground support is limited to timber supports as there is generally not enough room to install rock bolts. The minimum mining block dip is 50°, which limit the amount of dilution taken for 2.1 metre cut heights. Access to each cut is generally from the footwall side.

Shrinkage stoping provides the advantage of selectivity, but is only applicable in fair to good ground conditions (RMR > 60). Stopes are mined from bottom up taking horizontal slices (1.5 metre cut height) while working off the broken blast muck. Only the swell material can be recovered from each blast so a high level of control must be exercised to keep the working elevation relatively even. A series of boxholes are established on the bottom horizon to control the amount of broken muck that can be pulled. The minimum mining block dip is 60° to ensure gravity feed.

Open stopes are established similarly to the shrinkage stopes with the exception that the majority of the broken ore is recovered from each blast. Workers prepare to take blasts while working on elevated wooden platforms wedged between hangingwall and footwall. Ground conditions are necessarily good to ensure the workers are safe while working at the face. Mining is accomplished with only hand-held pneumatic equipment. Access is gained from manways / ventilation routes established on either side of the stope. A series of 'Chinese hoppers' are developed on the bottom horizon to control the amount of broken muck that can be pulled.

For Vetas or Cuerpos that are wide (greater than 2.0 metres) and continuous, sub-level stoping is a method that provides high productivity but low selectivity. Stopes are established with 30 metre sub-level spacing to enable drilling both uphole and downhole vertical rings. Blasting of 64 millimetres diameter holes on a 1 metre x 1 metre pattern yields a high powder factor. In general, ground conditions are considered to be fair (RMR > 55), which result in stable openings. Once the stope has been mined out, backfill is placed if waste is conveniently available.

Process Plant

The Yauliyacu Mine has been in operation for over 100 years with historical Process Plant production records tabulated since 1920. In 1974, the mine became part of a State owned mining company called Centromin. Over the next decade, production grew incrementally from 1,500 tonnes per day to 2,500 tonnes per day. At the end of the 1990s, the Mine and Process Plant were expanded to achieve 3,600 tonnes per day. Glencore purchased the Yauliyacu operation in 1996 from Centromin.

Tailings are pumped approximately 6.0 kilometres from the process plant at 4,210 metres above sea level to the Chinchan tailings pond area at an approximate elevation of 4,465 metres above sea level. The plan for 2011 is to process 1.32 million tonnes at 1.00% lead, 2.32% zinc, 0.21% copper and 78 grams per tonne silver grades.

The Process Plant is capable of producing separate zinc, lead and copper concentrates. However, only two concentrates (zinc and bulk concentrates) have been produced since the second quarter of 2003, as the bulk concentrate received favourable smelter terms from the Doe Run smelter in La Oroya. The closure of the Doe Run smelter in 2009 has lead to a planned May 2011 re-commissioning a section of the Process Plant to separate the bulk concentrate into copper and lead concentrates.

Environment

The Yauliyacu Mine has no issues with compliance of water quality (pH, metal content, suspended solids) at its discharge points.

Construction of a new water treatment plant (reverse osmosis circuit) was completed in 2010 to treat discharges from mine (1700 level), plant and tailings facility. The mine's management team are anticipating lower tolerance levels and stricter regulations that will likely be enforced in coming years.

Testing has been conducted on surface water run-off around waste dumps for potential acid rock drainage (ARD) problems. All results to date indicate there is no evidence of ARD issues. In general, the host rock contains low quantities of sulphides (i.e. pyrite) and high quantities of carbonates.

Since the installation of the Troncal #4 ventilation raise, there are no longer any issues with noise levels at the mine.

Tailings Facility Management Plan

The Chinchan TSF currently has a capacity of four years production (until 2014), which includes an additional five 5 meter lift. Technical studies are on-going for an additional 20 meter lift (total dam height of 100 meters) that is expected to increase capacity to 14 more years.

As an alternative, Yauliyacu has completed a scoping-level review of the Tablachaca tailings impoundment. Initial findings indicate the Chinchan TSF expansion is the preferred option. Another possibility that requires further study is to consider restarting the paste tailing plant for disposal underground.

By 2011, the TSF option will be selected so that detailed engineering can begin in 2012. Construction for either option is expected to be approximately 12 months.

Closure and Reclamation Plan

Progressive and passive reclamation is on-going at the mine. Buildings identified in the closure plan and portions of waste dumps (H2, H3 and Jirca areas) are being reclaimed concurrently with mine operations.

In 2010, several raises were capped on surface.

Production Information

The following table summarizes 2008 to 2011 silver production only from the Yauliyacu Mine:

	Units	2008	2009	2010	2011
Ore Processed	(000's)	1,320	1,283	1,312	1,284
Zinc Grade	(%)	2.31	2.29	2.28	2.29
Lead Grade	(%)	0.91	1.00	0.91	0.90
Copper Grade	(%)	0.26	0.23	0.22	0.23
Silver Grade	(g/t)	84.4	89.0	75.6	72.5
Zinc Recovery	(%)	89.3	86.0	85.6	86.5
Lead Recovery	(%)	87.8	84.1	84.0	80.6
Copper Recovery	(%)	69.9	70.4	66.5	62.2
Silver Recovery	(%)	88.9	85.6	85.1	85.1
Produced Zinc	(Mlbs)	59.98	55.70	56.50	56.14
Produced Lead	(Mlbs)	23.30	23.77	22.10	20.82
Produced Copper	(Mlbs)	5.38	4.66	4.20	2.77
Produced Silver	(Mozs)	3.18	3.14	2.71	2.55

PEÑASQUITO MINE, MEXICO

The Peñasquito Mine is indirectly wholly-owned by Goldcorp. The Peñasquito Mine is an open pit mining operation located in north-central Mexico with two separate process facilities, an oxide ore facility and a plant to process sulfide ore. The oxide ore is processed through a heap leach/Merrill-Crowe facility that went into production in February 2008. The first gold pour for the oxide circuit was on May 10, 2008. Line 1 of the sulfide plant started operating in September 2009 and first concentrate was shipped November 2009. The Peñasquito Mine achieved commercial production in September 2010.

Guillermo Pareja, P.Geo., Manager Resource Evaluation, Goldcorp, Peter Nahan, AusIMM., Senior Evaluation Engineer, Goldcorp, and Maryse Belanger, P.Geo., Vice President, Technical Services, Goldcorp, prepared a technical report in accordance with NI 43-101 entitled "Goldcorp Inc., Peñasquito Polymetallic Project, Zacatecas State, Mexico NI 43-101 Technical Report" dated March 21, 2011 (the "Peñasquito Report"). Guillermo Pareja, Maryse Belanger and Peter Nahan are qualified persons under NI 43-101. The following description of the Peñasquito Mine has been summarized, in part, from the Peñasquito Report and readers should consult the Peñasquito Report to obtain further particulars regarding the Peñasquito Mine. The Peñasquito Report is available for review on the SEDAR website located at www.sedar.com under the Corporation's profile.

All scientific or technical information in this summary relating to any updates to the Peñasquito Mine since the date of the Peñasquito Report, other than the Mineral Reserve and Mineral Resource estimates, has been approved by the authors of the Peñasquito Report.

As stated in Goldcorp's press release dated January 9, 2012, both 50,000 tonne-per-day SAG lines are routinely operating at capacity at Peñasquito. During the month of December, throughput reached an average of 107,000 tonnes per day and reached a new daily processing record of 140,000 tonnes on December 26. The supplemental ore feed system to supply pebble feed to the 30,000 tonne-per-day high pressure grinding roll (HPGR) circuit will be completed shortly and hauling of additional material to the tailings dam walls is now complete. Ramp-up to full 130,000 tonne-per-day design throughput remains on track for the end of the first quarter of 2012. With mining progressing deeper into the heart of the sulphide ore body, higher grades and throughput rates are expected to drive a significant production increase in the year ahead.

Property Description and Location

Goldcorp owns through its indirectly wholly-owned subsidiaries, 100 percent of the Peñasquito Mine. The operating entity for the Peñasquito Mine is a Goldcorp subsidiary, Minera Peñasquito, S.A. de C.V. Peñasquito is situated in the western half of the Concepción del Oro district in the northeast corner of Zacatecas State, Mexico, approximately 200 kilometres northeast of the city of Zacatecas.

The Peñasquito Mine is comprised of 130 exploitation concessions covering a total area of approximately 122,534 hectares, which contains the Peñasco and Brecha Azul (Chile Colorado) deposits. Concessions were granted for durations of 50 years. The Peñasco and Brecha Azul deposits are primarily within the Alfa, Beta, La Peña, Las Peñas and El Peñasquito concessions. Obligations which arise from the mining concessions include performance of assessment work, payment of mining taxes and compliance with environmental laws. Duty payments for the concessions have been made as required. Minimum expenditures, pursuant to Mexican regulations, may be substituted for sales of minerals from the mine for an equivalent amount.

Goldcorp holds additional tenure in the greater Peñasquito Mine area (within about 200 to 300 kilometres of the Peñasquito Mine infrastructure), which is under application, is granted, or is part of joint ventures with third parties. Two of these wholly-owned deposits, Camino Rojo and Nocha Buena, are under conceptual evaluation as potential stand-alone heap leach operations due to the low precious metal grades of these deposits and may benefit from potential administrative synergies with the Peñasquito Mine mining operation. However, the deposits will not be developed as satellite operations for the Peñasquito Mine, and are not considered to be part of the Peñasquito Mine.

A two percent net smelter return royalty is payable to Royal Gold on production from both the Chile Colorado and Peñasco locations. In 2007, Silver Wheaton Corp. ("Silver Wheaton") acquired 25 percent of the silver produced over the life-of mine for an upfront cash payment of $485 million and a per ounce cash payment of the lesser of $3.90 and the prevailing market price (an inflationary adjustment to the contract price commenced in 2011 and resulted in a price of $3.93 per ounce versus the original agreement of $3.90 per ounce), for silver delivered under the contract.

Environmental liabilities were limited to those that would be expected to be associated with an open pit mine that is in the early production phases, and includes the open pit, roads and site infrastructure, and waste and tailings disposal facilities. A closure and reclamation plan has been prepared, and closure costs are currently estimated at $28,812,334. Goldcorp holds the appropriate permits under local, state and federal laws to allow for mining operations.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The site is accessed via a turnoff from Highway 54 approximately 25 kilometres south of Concepción Del Oro. Within the Peñasquito Mine, access is by foot trails and tracks. The closest rail link is 100 kilometres to the west. There is an airport on site and airports in the cities of Zacatecas and Monterrey.

Power is currently supplied through the Mexican central grid from the Mexican Federal Electricity Commission. On January 25, 2011, Minera Peñasquito, S.A. de C.V. signed a power delivery agreement (the "Power Agreement") with a subsidiary of InterGen, pursuant to which InterGen will construct and operate a 200 to 250 megawatt gas-fired combined cycle power plant near San Luis de la Paz, Guanajuato, Mexico, to deliver electricity to the Peñasquito Mine for a minimum term of 20 years, subject to regulatory and environment approvals. The construction of the power plant is expected to be completed in 2014 and the Peñasquito Mine has been sourcing power from another InterGen source in the interim. Process and potable water for the Peñasquito Mine is sourced from a water field located six kilometres west of the Peñasquito Mine. Permits to pump up to 35 million cubic metres of this water per year have been received. The Peñasquito Mine recycles approximately 80 percent of the water it uses in the mining process.

There is sufficient suitable land available within the Peñasquito Mine for tailings disposal, mine waste disposal, and mining-related infrastructure such as the open pit, process plant, workshops and offices. A skilled labour force is available in the region where the Peñasquito Mine is located and in the surrounding mining areas of Mexico. Accommodation comprises a 2,000-bed camp with full dining, laundry and recreational facilities.

Mining concessions give the holder the right to mine within the concession boundary, sell the mining product, dispose of waste material generated by mining activities within the lease boundary, and have access easements. Surface rights in the vicinity of the Chile Colorado and Peñasco Azul open pits are held by private individuals and three ejidos. Signatures indicating agreement have been obtained for all three of the ejidos and nearly all the private owners. Goldcorp currently is in negotiations to finalize surface rights to minor land positions still held by some private owners. Relations with the ejidos through the process have been positive. Goldcorp holds sufficient surface rights in the Peñasquito Mine area to support the mining operations, including provisions for access and power lines.

The climate is generally dry with precipitation being limited for the most part to a rainy season in the months of June and July. Annual precipitation for the area is approximately 700 millimetres, most of which falls in the rainy season. Temperatures range between 20 degrees Celsius and 30 degrees Celsius in the summer and zero degrees Celsius to 15 degrees Celsius in the winter. Mining operations can be conducted year-round. The Peñasquito Mine area can be affected by tropical storms and hurricanes which can result in short-term high precipitation events.

The Peñasquito Mine is situated in a wide valley bounded to the north by the Sierra El Mascaron and the south by the Sierra Las Bocas. Except for one small outcrop, the area is covered by up to 30 metres of alluvium. The terrain is generally flat, rolling hills; vegetation is mostly scrub, with cactus and coarse grasses. The prevailing elevation of the property is approximately 1,900 metres above sea level.

History

The earliest recorded work in the Peñasquito Mine consists of excavation of a shallow shaft and completion of two drill holes in the 1950s.

Kennecott Canada Explorations Inc. through its Mexican subsidiary, Minera Kennecott S.A. de C.V. (“Kennecott”) acquired initial title to the Peñasquito Mine and commenced exploration in 1994. Regional geochemical and geophysical surveys were undertaken in the period 1994 to 1997. This work led to the early discovery of two large mineralized diatreme breccia bodies, the Outcrop and Azul Breccias. Kennecott completed 250 rotary air blast (“RAB”) drill holes (9,314 metres) to systemically sample bedrock across the entire Peñasquito Mine area which resulted in the discovery of the Chile Colorado silver-lead-zinc-gold zone. A total of 72 reverse circulation and core drill holes (24,209 metres) were sited to test mineralization at the Outcrop Breccia, Azul Breccia, and Chile Colorado zones.

In 1998, Western Copper Holdings Ltd. (“Western Copper”) acquired a 100 percent interest in the Peñasquito Mine from Kennecott. Western Copper completed a nine hole (3,185 metres) core drilling program and 13.4 line kilometres of tensor controlled source audio frequency magnetollurics geophysical survey work the same year. Exploration efforts were focused on the Chile Colorado zone and the Azul Breccia pipe targets.

Western Copper optioned the property to Minera Hochschild S.A. (“Hochschild”) in 2000. Hochschild completed 14 core holes (4,601 metres), 11 of which were sited into the Chile Colorado anomaly, but subsequently returned the property to Western Copper.

From 2002 to 2009, Western Copper completed an additional 874 core and reverse circulation drill holes (496,752 metres) and undertook a scoping-level study, a pre-feasibility study, and a feasibility study in 2003, 2004, and 2005 respectively. The feasibility study was updated in 2006. Under the assumptions in the studies, the Peñasquito Mine returned positive economics. In 2003, Western Copper underwent a name change to Western Silver Corporation (“Western Silver”). Glamis acquired Western Silver in May 2006, and the combined company was subsequently acquired by Goldcorp in November 2006.

During 2005, a drill rig was used to perform geotechnical field investigations to support the design of the heap leach facility, waste rock piles, tailings impoundment and process plant. Standard penetration tests were performed.

Construction in the Peñasquito Mine commenced in 2007. In October 2009, the first lead and zinc concentrates were produced and concentrate shipment to smelters commenced with first sales recorded in November 2009. Commercial production was achieved in September 2010.

Geological Setting

Regional Geology

The regional geology is dominated by Mesozoic sedimentary rocks intruded by Tertiary stocks of intermediate composition (granodiorite and quartz monzonite). The sedimentary rocks formed in the Mexico Geosyncline, a 2.5 -kilometre thick series of marine sediments deposited during the Jurassic and Cretaceous Periods consisting of a 2,000-metre thick sequence of carbonaceous and calcareous turbidic siltstones and interbedded sandstones underlain by a 1,200 to 2,000-metre thick limestone sequence.

A large granodiorite stock is interpreted to underlie the entire area and the sediments are cut by numerous intrusive dykes, sills and stocks of intermediate to felsic composition. The intrusions are interpreted to have been emplaced from the late Eocene to mid-Oligocene.

Local Geology

The Mesozoic sedimentary units of the Mazapil area were folded into east-west arcuate folds, cut by northeast- and north-striking faults, and intruded by Tertiary granodiorite, quartz monzonite, and quartz–feldspar porphyry. Tertiary stocks and batholiths are exposed in the ranges, while the valleys are filled with alluvium, generally a few tens of metres thick. Two diatreme breccia pipes, believed to be related to quartz–feldspar porphyry stocks beneath the Peñasquito Mine, explosively penetrated the Mesozoic sedimentary units, and probably breached the surface. Eruption craters and ejecta aprons have since been eroded away. The current bedrock surface at the Peñasquito Mine is estimated to be a minimum of 50 metres below the original paleo surface when the diatremes were formed. There may have been up to several hundred metres of erosion since the time of mineralization. Alluvium thickness now averages 30 to 50 metres at the Peñasquito Mine. There was one small outcrop exposure at the Peñasquito Mine, of breccias near the center of the Peñasco diatreme, rising about 5 metres above the valley surface. The two diatreme pipes, Peñasco and Brecha Azul, are the principal hosts for gold–silver–zinc–lead mineralization at the Peñasquito Mine. The single outcrop near the center of the Peñasco pipe contained weak sulphide mineralization along the south and west side of the outcrop, representing the uppermost expression of much larger mineralized zones below.

Property Geology

Peñasco and Brecha Azul are funnel-shaped breccia pipes, which flare upward, and are filled with breccia clasts in a milled matrix of similar lithological composition. The larger diatreme, Peñasco, has a diameter of 1,000 metres by 850 metres immediately beneath surface alluvial cover. The second, and smaller, diatreme, Brecha Azul, is about 600 metres in diameter immediately below alluvium. Polymetallic mineralization is hosted by the diatreme breccias column and surrounding sandstone and siltstone units of the Caracol Formation. The diatreme breccias are broadly classified into three units, determined by igneous matrix and clast composition: sediment-clast breccia, milled mixed sedimentary-intrusive matrix, and intrusive matrix breccias, from top to bottom within the breccia column. Sedimentary rock clasts consist of Caracol siltstone and sandstone; intrusion clasts are dominated by quartz-feldspar porphyry. A variety of dikes cut the breccia column and immediately adjacent clastic wall rocks. These dikes exhibit a range of textures from porphyry breccia, to quartz–feldspar and quartz-eye porphyries, to porphyritic, to aphanitic micro breccias.

Both of the breccia pipes lie within a hydrothermal alteration shell consisting of a central sericite–pyrite–quartz (phyllic) alteration assemblage, surrounding sericite–pyrite–quartz–calcite assemblage, and peripheral chlorite–epidote–pyrite (propylitic) alteration halo. A halo of generally lower grade disseminated zinc–lead–gold–silver mineralization lies within the sericite–pyrite–quartz–calcite assemblage surrounding the two breccias. Disseminated and lesser fracture-controlled electrum, sphalerite, galena, and various silver sulphosalts are hosted by milled breccias within the diatremes and by Cretaceous clastic units in the surrounding mineralized halo. Alteration, mineral zoning, porphyry intrusion breccia, and dykes all suggest the deposits represent distal mineralization some distance above an underlying quartz–feldspar porphyry system. The Peñasco and Brecha Azul diatremes lie along a northwest-trending system of fractures within the central axis of the broad northwest oval of sericite–pyrite–quartz–calcite alteration. The dominant foliation direction observed in the outcrop of breccia at Peñasco is also northwest-trending. Both are thought to reflect the orientation of the porphyry intrusion underlying the known mineralization.

Mantos-style sulphide replacements of carbonate strata have been discovered beneath the clastic-hosted disseminated sulphide zones adjacent and around the diatreme pipes. They consist of semi-massive to massive sulphide replacements of sub-horizontal limestone beds, as well as cross-cutting chimney-style, steeply dipping, fracture and breccias zones filled with high concentrations of sulphides. The sulphides are generally dominated by sphalerite and galena, with variable concentrations, but also contain significant pyrite. Gangue minerals are subordinate in these strata-replacement mantos and cross-cutting chimneys, although calcite is usually present. Stratiform and chimney mantos are characterized by their very high zinc, lead, and silver contents, with variable copper and gold contributions. Mantos and skarn mineralization have also been discovered lying beneath the planned open pits in limestone units adjacent and around the diatremes and above the source of cross-cutting quartz–feldspar porphyry dykes.

Exploration

Exploration activities on the Peñasquito Mine have included geological mapping, reverse circulation and core drilling, ground geophysical surveys, mineralization characterization studies and metallurgical testing of samples. Petrographic studies and density measurements on the different lithologies have also been carried out.

From 2006 to 2010, Goldcorp completed 42 core and reverse circulation drill holes, including metallurgical, geotechnical and condemnation drilling. An updated feasibility study was completed and mine construction was commenced during this period.

During 2010, an exploration drilling program was completed to test whether there was sufficient mantos-hosted mineralization at depth adjacent to the Peñasquito diatreme to support potential underground development. A total of 7,317 metres was drilled in six mantos test holes. Mantos were detected at 900 metres below surface and the exploration potential remains both at depth and laterally. Within the greater Peñasquito Mine area, there is also potential for additional deposit styles, including base metal skarns and porphyry-related disseminated deposits. Exploration for these deposit styles is at a conceptual/early exploration stage.

Exploration at Peñasquito during 2011 was focused on geological mapping, diamond drilling, and a reverse circulation and condemnation program totaling 80 drill holes. The exploration program for the Mantos is in progress and the plan is to better understand the extent and continuity of the Mantos and at-depth Skarn deposits. A program of 8 drill holes has been developed with two in progress (GP-613-11 and GP-614-11) with a planned total of 8,680 metres. The new information indicates that this area is at similar depth to the adjacent Mantos within the Peñasco diatreme and the concept is to prove connection between these two areas.

In the RAB exploration area, expansion of the Peñasco diatreme is being tested with completion of 59 drill holes for a total of 2,496 metres in 2011. Objectives of the program were to identify, with shallower drilling, new anomalies in the bedrock. Three different anomalies were identified with the 2011 program. The condemnation drilling program was initiated in late 2011 and is still currently underway. The program is designed to provide condemnation in the area of the IPCC (as defined below) waste dump to the north and west of the existing tailings storage facility. A total of 13 drill holes were completed in 2011 for 5,226 metres (an average depth of 400 metres was planned) and this program will continue into early 2012.

The aeromagnetic survey defined an eight kilometres by four kilometres, north to south-trending magnetic high centered approximately on the Outcrop (Peñasco) Breccia. Magnetometer surveys suggested the presence of deep-seated granodiorites, and indicated a relationship between mineralization and the underlying intrusions. IP surveys were instrumental in locating sulphide stockworks at the Chile Colorado zone, and the gravity survey helped identify the Brecha Azul diatreme. In almost all instances, the geophysical surveys indicated the presence of numerous anomalies scattered across the Peñasquito Mine.

In the opinion of the authors of the Peñasquito Report, the exploration programs completed to date are appropriate to the style of the deposits and prospects within the Peñasquito Mine and support the genetic and affinity interpretations.

Mineralization

Sulphide mineralization occurs in the Chile Colorado deposit, in the Peñasco deposit hosted in the outcrop breccia, in the Luna Azul and Northeast Azul deposits hosted in the Azul Breccia, and at other smaller targets on the Peñasquito Mine.

The Peñasco deposit is in the east half of the outcrop breccia directly above the projected throat of the breccia pipe. It is ovoid in shape, at least 1,000 metres wide in an east direction and 900 metres long in a north direction and has formed around a complex series of small quartz-porphyry stocks and dikes with some felsites dikes. It is composed of disseminations and veinlets of medium to coarse-grained sphalerite–galena–argentite, other unidentified silver sulfosalts, minor tetrahedrite–polybasite and common gangue of calcite–rhodochrosite–quartz–fluorite.

The intrusive rocks themselves are also often mineralized. Mineralization also extends upwards along the north and south contacts of the outcrop breccia. At the south contract, it extends upwards in the mixed clast breccia adjacent to the northwest faults that cut the breccia pipe. The most common mineral host is the intrusive hydrothermal breccia. This breccia is the dominant rock below the 1,600 metre level. It also is widely distributed as a halo around the porphyry stocks and dikes. The porphyry often appears to brecciate into the intrusive hydrothermal breccia as it passes upwards. Mineralization is present in the upper mixed clast breccia along the south contact, the quartz–feldspar porphyry intrusive breccia and, to a lesser extent, the quartz–porphyry dikes.

The Chile Colorado silver–zinc–lead mineralization normally occurs as both veining and narrow fracture filling, hosted in weakly silicified sandstone, siltstone or shale. The mineralization has been interpreted to represent stockworks, localized by a north-south trending fracture zone, extending south from the Azul diatreme. Sphalerite and galena associated with carbonate and pyrite occur locally as massive veins. Pyrite, sphalerite and galena often occur as discrete crystals and disseminations within sandstone and siltstone units surrounding the diatremes. Late-stage carbonates and pyrite fracture fillings occur throughout the Caracol sedimentary sequence distal to the primary mineralized zones at the Peñasquito Mine.

In the opinion of the authors of the Peñasquito Report, the mineralization style and settling of the deposit is sufficiently well understood to support Mineral Resource and Mineral Reserve estimation.

Drilling

Drilling completed on the Peñasquito Mine for the period 1994 to 2010 is comprised of 958 drill holes totalling 524,748 metres. Drilling has focused on three principal areas: the original Chile Colorado Zone, the Brecha Azul Zone (Azul Breccia, Northeast Azul, and Luna Azul) and the Peñasco Zone (including El Sotol).

RC drilling was conducted using down-hole hammers and tricone bits, both dry and with water injection. Some RC drilling was performed as pre-collars for core drill holes Sample recoveries were not routinely recorded for RC holes. Core drilling typically recovered HQ size core (63.5 millimetres diameter) from surface, then was reduced to NQ size core (47.6 millimetres) where ground conditions warranted. Metallurgical holes were typically drilled using PQ size core (85 millimetres).

Any break in the core made during removal from the barrel was marked with a “colour line”. When breakage of the core was required to fill the box, edged tools and accurate measure of pieces to complete the channels was the common practice to minimize core destruction. The end of every run was marked with a wooden tick and the final depth of the run. Core was transferred to wooden core boxes, marked with “up” and “down” signs on the edges of the boxes using indelible pen. The drill hole number, box number and starting depth for the box was written before its use, whilst end depth were recorded upon completion. All information was marked with indelible pen on the front side of the box and also on the cover.

All core from the Goldcorp drill programs has been processed on site. Core boxes were transported to the core shed by personnel from the company that was managing the drill program, or the drilling supervisor.

Geotechnical Drilling

Core holes were oriented at an angle of 60 degrees to the horizontal and were sited to intersect the November 2005 design basis pit wall one-third of the ultimate wall height above the base of the final pit level. Core hole diameters were typically HQ3 (61 millimetres diameter) but were telescoped down to NQ3 (45 millimetres) if difficult drilling conditions were encountered. Core was recovered in a triple tube core barrel assembly.

Core orientation was accomplished using two independent methods: clay impression and a mechanical down-hole system referred to as Corientor™. Field point load tests were completed for each core run to estimate the unconfined compressive strength of the intact rock. Drill holes to WC-250 were also geotechnically logged.

Core recovery for the Peñasquito Mine drilling averages 96.9 percent.

Geological Logging

Logging of RC drill cuttings and core utilized standard logging procedures. Logs recorded lithologies, breccia type, fracture frequency and orientation, oxidation, sulphide mineralization type and intensity, and alteration type and intensity. Core was photographed and video recorded from collar to toe, these digital files are stored on hard disc. Geotechnical logging for pit design purposes was typically completed at 3 metre intervals, and recorded on compact discs. For site location purposes, geotechnical logging included sample descriptions, SPT blow counts, sample numbers and visual classifications based on the united soil classification system.

Collar Surveys

Collar surveys have been performed by a qualified surveyor since 2002. All drill hole collars are identified with a concrete monument, allowing all drill holes to be identified at a later date. The monument is placed directly over the hole collar on completion of each drill hole.

Downhole Surveys

Down-hole surveys are completed by the drilling contractor using a single shot, through the bit, survey instrument. Drill holes are surveyed on completion of each hole as the drill rods are being pulled from the hole.

Deposit Drilling

Drill hole spacing is generally on 50 metre sections in the main deposits spreading out to 400 metres spaced sections in the condemnation zones. Drill spacing is wider again in the areas outside the conceptual pit outlines used to constrain Mineral Resources. Drilling covers an area of approximately eight kilometres east to west by 4,500 metres north to south with the majority of drill holes concentrated in an area 2.1 kilometres east to west by 2.8 kilometres north to south.

Blasthole Drilling

Drilling for all materials is on 15 metre benches drilled with 1.5 metres of sub-grade, using seven blast hole drill rigs. The drill sections display typical drill hole orientations for the deposits, show summary assay values using colour ranges for assay intervals that include areas of non-mineralized and very low grade mineralization, and outline areas where higher-grade intercepts can be identified within lower-grade sections. The sections confirm that sampling is representative of the gold, silver, and base metals grades in the deposits, reflecting areas of higher and lower grades.

Sampling, Analysis and Security of Samples

Peñasquito Mine project staff has been responsible for sample collection, core splitting, run of mine assaying, preparation of samples, storage and security from inception to date.

Reverse circulation drill cuttings were sampled at intervals of two metres. The material was split at the drill into several portions of 12 kilograms or less. A handful of rock chips from each sample interval was collected and logged by experienced onsite geologists. Data from the drill logs were entered digitally into files for computer processing.

The standard sample interval is two metres. Some samples are limited to geological boundaries and are less than two metres in length. Logging was completed at the drill site prior to splitting. Splitting of the core was supervised by the geologist who logged the core in order to ensure sampling integrity. For condemnation drill holes, core was assayed every two metres out of 20 unless geologic inspection dictated otherwise.

A senior Goldcorp geologist examined the core, defined the primary sample contacts, and designated the axis along which to cut the core. Special attention is taken in veined areas to ensure representative splits are made perpendicular to, and not parallel to, veins.

Standard reference material samples and blanks were inserted into the sample stream going to the assay laboratory in a documented sequence. Cut samples were bagged and numbered in polyethylene bags. Groups of 20 sample bags were placed in larger bags and labelled with the name and address of the laboratory, and the number and series of samples that were contained within the bag. A Peñasquito Mine truck transports the sacks to the ALS Chemex laboratories in Guadalajara, Mexico, approximately once per week. ALS Chemex was responsible for sample preparation throughout exploration and infill drilling phases through its non-accredited sample preparation facilities in Guadalajara. All samples were dispatched to the Vancouver, Canada laboratory facility for analysis, which, at the time the early work was performed, was ISO-9000 accredited for analysis; the laboratory is currently ISO-17025 certified and is independent of Goldcorp. The umpire (check) laboratory is Acme Laboratories in Vancouver, which holds ISO-9000 accreditations for analysis. The run-of-mine laboratory is not certified.

Blast holes are sampled as whole-hole samples by an experienced sampler. During 2008, Goldcorp staff completed a total of 1,229 specific gravity measurements on drill core. An additional 127 bulk density measurements were also available from Dawson Metallurgical Laboratories Inc. Utah. Specific gravity data were used to assign average bulk specific gravity values by lithology.

In the opinion of the authors of the Peñasquito Report, the sampling methods are acceptable, meet industry-standard practice, and are adequate for Mineral Resource and Mineral Reserve estimation and mine planning purposes. Sizes of the sampled areas are representative of the distribution and orientation of the mineralization and sampling is representative of the gold, silver, and base metal grades in the deposits, representing areas of higher and lower grades.

A number of independent data checks have been performed, in support of feasibility-level studies, and in support of technical reports, producing independent assessments of the database quality on the Peñasquito Mine. No significant problems with the database, sampling protocols, flowsheets, check analysis program, or data storage were noted. Goldcorp performed sufficient verification of the data and database to support Mineral Resources and Mineral Reserves being estimated.

Security of Samples

Blanks and standard reference materials have been used in sampling programs by Goldcorp. The seven SRMs were prepared by Metcon Research, Tucson, AZ from Peñasquito Mine mineralization. Blank samples comprise non-mineralized limestones from the general Peñasquito Mine area.

Entry of information into databases utilized a variety of techniques and procedures to check the integrity of the data entered. The system with data electronically entered (without a paper log step) is still being implemented. Assays were received electronically from the laboratories and imported directly into the database. Drill hole collar and down hole survey data were manually entered into the database. Data are verified on entry to the database by means of in-built program triggers within the mining software. Checks are performed on surveys, collar co-ordinates, lithology data, and assay data.

Paper records were kept for all assay and QA/QC data, geological logging and bulk density information, down-hole and collar coordinate surveys. All paper records were filed by drill hole for quick location and retrieval of any information desired. Assays, down-hole surveys, and collar surveys were stored in the same file as the geological logging information. In addition, sample preparation and laboratory assay protocols from the laboratories were monitored and kept on file.

Sample security was not generally practiced at the Peñasquito Mine during the drilling programs, due to the remote nature of the site. Sample security relied upon the fact that the samples were always attended or locked at the sample dispatch facility. Sample collection and transportation have always been undertaken by Goldcorp or laboratory personnel using company vehicles. Drill samples were picked up at site by ALS Chemex, prepared to a pulp in Guadalajara, Mexico, and sent by ALS Chemex via air to the ALS Chemex analytical laboratory in Vancouver, Canada. Chain of custody procedures consisted of filling out sample submittal forms that were sent to the laboratory with sample shipments to make certain that all samples were received by the laboratory. Assay pulps and crushed reject material are returned by ALS Chemex to Goldcorp's core shack in Mazapil for storage. Drill core is stored in wooden core boxes on steel racks in the buildings adjacent to the core logging and cutting facilities. The core boxes are racked in numerical sequence by drill hole number and depth oarse rejects in plastic bags are stored in cardboard boxes on steel racks in a separate locked building. The coarse reject boxes are labelled and stored by sample number.

Typically, drill programs included insertion of blank, duplicate and CRM samples. The QA/QC program results do not indicate any problems with the analytical programs; therefore the gold, silver, and base metal analyses from the core drilling are suitable for inclusion in Mineral Resource and Mineral Reserve estimation.

The authors of the Peñasquito Report are of the opinion that quality of the gold, silver and base metal analytical data are sufficiently reliable to support Mineral Resource and Mineral Reserve estimation and that sample preparation, analyses and security are generally performed in accordance with exploration best practices and industry standards.

Mineral Reserve and Mineral Resource Estimates

See "Description of the Business – Technical Information – Summary of Mineral Reserves and Mineral Resources" for the estimated Mineral Reserves and Mineral Resources (silver only, 25%) for the Peñasquito Mine as of December 31, 2011.

Mining Operations

Mining Method and Metallurgical Process

The Peñasquito Mine consists of a leach facility that processes a nominal 25,000 tonnes per day of oxide ore and a sulphide plant that will process a nominal 130,000 tonnes per day of sulphide ore. Mine construction commenced in 2007. By year-end 2011, mine production was at full capacity; however the plant was still ramping up and lacking only sufficient pebble feed to the High Pressure Grinding ("HPGR") circuit, limiting throughput in the HPGR circuit. A project to provide supplemental ore feed directly to the HPGR circuit was initiated in late 2011 and commissioning is scheduled for the end of the first quarter of 2012. In October 2009, the first lead and zinc concentrates were produced and concentrate shipment to smelters commenced with first sales recorded in November 2009.

Ore placement on the heap leach pad began in February 2008. On April 8, 2008, ore leaching was initiated and the first gold pour occurred on May 10, 2008. As of December 31, 2011, a total of 50,601,060 dry metric tonnes of ore with an average grade of 0.27 grams per tonne of gold and 24.2 grams per tonne of silver were placed on the leach pad. A total of 55,826 ounces of gold and 1,891,027 ounces of silver were produced from the oxide facility in 2011. Recoveries averaged 57.4 percent for gold and 22.8 percent for silver. The final pit will have one contiguous outline at surface but will consist of two distinct pit bottoms, one on the Peñasco zone and one on the Azul/Chile Colorado zone. Currently only the Peñasco portion of the pit is in operation, using a conventional truck-and-shovel fleet. Drill patterns range from nine metres by nine metres in overburden to six metres by six metres in sulphide ore. The heap leach ore drill pattern is being adjusted as needed to assure rock fragmentation of about 127 to 152 millimetres for leaching.

Oxide Ore

Run-of-mine oxide ore will be delivered to the heap leach pile from the mine by haul trucks. Lime will be added to the oxide ore, prior to addition of the oxide ore to the pad. Ore is placed in ten metre lifts, and leached with cyanide solution. Pregnant leach solution is clarified, filtered, and de-aerated, then treated with zinc dust to precipitate the precious metals. The precipitated metals are subsequently pressure filtered, and the filter cake smelted to produce doré.

Sulphide Ore

Run-of-mine sulphide ore is delivered to the crusher dump pocket from the mine by 290 tonne rear-dump–haul trucks. The crushing circuit is designed to process as much as 148,000 tonnes per day of run-of-mine sulphide ore to 80 percent passing 159 millimetres. The crushing facility consists of a gyratory crusher capable of operating at 92 percent utilization on a 24-hour-per-day, 365-days-per-year basis.

Construction of the Waste Rock Overland Conveyor system, previously referred to as the In-Pit Crushing and Conveyor ("IPCC") system, is proceeding according to schedule towards commissioning of the sizer and overland conveyor in the second half of 2012. The waste rock overland conveying system including the waste stacker is expected to achieve full production rates in the first quarter of 2013.

During 2011, both 50,000 tonne-per-day capacity semi-autogenous grinding (SAG) lines were operational and the HPGR operation was sporadic due to lack of pebble generation (i.e. consistent feed). Sulphide plant throughput averaged 93,700 tonnes per day in the fourth quarter of 2011 with the month of December averaging 107,000 tonnes per day. A project to provide for supplemental feed directly to the HPGR was undertaken beginning in August 2011 with commissioning scheduled for the first quarter of 2012. Full production at 130,000 tonnes per day is planned from April 1, 2012 onward. For 2011, a total of 30,999,245 dry metric tonnes of ore with an average grade of 0.37 grams per ton of gold, 26.20 grams per tonne of silver, 0.64 percent zinc and 0.34 percent lead was processed through the sulphide plant facility, for a total of 198,263 ounces of gold, 17,154,467 ounces of silver, 283,644,404 pounds of zinc, and 154,738,945 pounds of lead produced (payable metal). Recoveries averaged 60.5 percent for gold, 73.7 percent for silver, 75.9 percent for zinc, and 70.1 percent for lead.

Mine Life and Expected Payback Period

The mine plan and financial analysis are based on a detailed production schedule. The life-of-mine plan update in 2011 was based on $1,200 per ounce of gold and operating parameters derived from the 2011 site budget plan and consisting of production schedules, operating parameters and operating costs. Mine production during 2011 was 155.4 million metric tonnes. The production rate for the period 2012 to 2017 is projected to average 525,000 tonnes per day. The mine will supply sulphide ore to the plant at a rate of 47.5 million metric tonnes of sulphide ore per year. The total material mined per year will peak at 220.0 million metric tonnes per year (603,000 tonnes per day). The production rate increases will correspond to significant increases in the equipment quantities of the mining fleet.

The Peñasco pit will provide the only sulphide mill feed through 2021 and will continue to provide mill feed into 2033. Waste stripping will begin in Chile Colorado in 2020 and sulphide ore will be mined during 2021 through 2033. The sulphide mill feed will be from both pits from 2021 to 2032. The payback for the initial capital investment in the Peñasquito Mine was 7.9 years from commencement of the Peñasquito Mine in 2007, which means that under this scenario the Peñasquito Mine will achieve payback by the fourth quarter of 2014. Goldcorp prepared an economic analysis which confirmed that the economics based on the Mineral Reserves over a 22-year mine life could repay life-of-mine operating and capital costs.

Markets and Contracts for Sale

Goldcorp currently has an operative refining agreement with Met Mex Peñoles for refining of doré produced from the Peñasquito Mine. Goldcorp's bullion is sold on the spot market, by marketing experts retained in-house by Goldcorp. The terms contained within the sales contracts are typical and consistent with standard industry practice, and are similar to contracts for the supply of doré elsewhere in the world. Part of the silver production is sold to Silver Wheaton.

The markets for the lead and zinc concentrates from the Peñasquito Mine are worldwide with smelters located in Mexico, North America, Asia and Europe. Metals prices are quoted for lead and zinc on the London Metals Exchange and for gold and silver by the London Bullion Market Association. The metal payable terms and smelter treatment and refining charges for both lead and zinc concentrate represent typical terms for the market. In addition to the forward sales contract for silver production with Silver Wheaton, Goldcorp has entered into sales and collar option agreements for the base metals volumes in relation to Peñasquito Mine concentrate sales.

Taxes

The income tax rate applicable to corporations in Mexico was increased from 28 percent to 30 percent as of January 1, 2010. The rate will be applied only during 2010, 2011 and 2012. In 2013 the rate will be reduced to 29 percent, and further reduced to 28 percent in 2014.

Environment

Environmental laws require the filing and approval of an environmental impact statement for all exploitation work, and for exploration work that does not fall within the threshold of a standard issued by the Federal Government for mining exploration. Reviews of environmental permitting, legal, title, taxation, socio-economic, marketing and political factors and constraints for the Peñasquito Mine support the declaration of Mineral Reserves.

Exploration and Development

Following a full year of operations and the availability of new cost data, approximately 220 million tonnes of low grade gold material were moved from Proven and Probable Mineral Reserves into the Measured and Indicated Mineral Resources category, reflecting higher operating cost assumptions than were contemplated in the original 2006 feasibility study.

Exploration potential remains under the current open pits, and may support underground mining. Goldcorp is currently investigating an option of mining mineralization outside the area of the current open pit design using bulk mining methods such as block caving. This option is envisaged as a possible source of additional mine life following the cessation of open pit mining in 2032. Goldcorp is also investigating the potential for underground mining of the mantos mineralization during the open pit mine life. This could utilize selective mining methods such as longhole stoping or cut-and-fill. These studies are at an early, conceptual stage, and no underground Mineral Resources or Mineral Reserves have been declared.

Production Information

The following table summarizes 2008 to 2011 silver production (100% basis) from the Peñasquito Mine:

Oxides	Units	2008	2009	2010	2011
Produced Payable Gold	(oz)	20,000	83,200	78,399	55,800
Produced Payable Silver	(oz)	1,356,000	2,600,000	3,006,262	1,891,028
Sulphides					
Produced Payable Gold	(oz)			89,800	198,300
Produced Payable Silver	(oz)			10,946,400	17,146,500

PASCUA-LAMA PROJECT, BORDER OF CHILE AND ARGENTINA

At the request of the Company, Christopher Elliott, FAusIMM, George Even, MAusIMM, Dino Pilotto, P.Eng., Cameron Scott, P.Eng., and Bart Stryhas, PhD CPG, all of SRK Consulting ("SRK"), and Edward McLean, FAusIMM, of Ausenco Services Pty. Ltd., prepared a technical report in accordance with NI 43-101 entitled "NI 43-101 Technical Report Pascua-Lama Project Region III, Chile/San Juan Province, Argentina", dated September 9, 2009, amended October 28, 2009 (the "Pascua Lama Report").

The following description of the Pascua-Lama Project has been summarized from the Pascua-Lama Report and other project updates as per Barrick's SEDAR filings. Readers should consult the Pascua-Lama Report to obtain further particulars regarding the Pascua-Lama Project. The Pascua-Lama Report is available on SEDAR at www.sedar.com under the Company's profile.

Project Description and Location

The Pascua-Lama Project straddles the Chilean-Argentine border in the "Cordillera de Los Andes". The Pascua portion of the deposit, which contains the majority of the silver mineralization (approximately 65% of the mineralization), is situated on the Chilean side of the border in Region III, approximately 150 kilometres southeast of the town of Vallenar. The Lama portion of the property is located within the Province of San Juan, Argentina, 300 kilometres northeast of the provincial capital city of San Juan.

The Pascua-Lama property consists of various mineral and exploration concessions granted by the Republic of Chile to Compania Minera Nevada SpA ("CMN"), Barrick's wholly-owned Chilean subsidiary and by the Republic of Argentina to Barrick Exploraciones Argentina S.A. ("BEASA"), Barrick's wholly-owned Argentinean subsidiary.

The CMN mining properties in the Chile area are 108,036 hectares and the BEASA mining properties in the Argentina area are 6,888 hectares.

In both Chile and Argentina, Barrick, through its wholly-owned Argentinean subsidiary, Barrick Exploraciones Argentina S.A., and its wholly-owned Chilean subsidiary, Compañia Minera Nevada SpA, owns the mining property in the project area. The mining rights have no expiry date, provided the applicable annual land payments are made.

Pursuant to federal legislation which implemented law 24.196 in May 1993, and Provincial legislation adhering to the same, operating mines are required to pay to the Provincial government a royalty of up to 3% ("Boca Mina") for minerals extracted from Argentinean soil. In addition, Barrick is obligated to pay a gross proceeds sliding scale royalty on gold produced from the Pascua-Lama properties located in Chile ranging from 1.433% to 9.555% and a 1.91% net smelter royalty on copper produced from the properties. In addition, a step-scale 5% or 7.5% gross proceeds royalty on gold produced and a sliding scale net smelter royalty of 0.5% to 6% on all products other than gold and silver is payable in respect of certain portions of the property located in Argentina. The sliding scale and step-scale royalties on gold increase with rising spot gold prices.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The principal access into the Pascua-Lama Project site from the Argentinean side is via 363 kilometres of paved, gravel and dirt roads from the city of San Juan, Argentina. At high altitude, annual road closures due to severe winter weather are estimated to be about 44 days without the installation of control systems and 24 days with control systems. During a normal winter, this may reduce to 14 days and six days, respectively.

In Chile, Route C-495, also known as the Alto Del Carmen road, runs from Vallenar to the Potrerillo River then continues through the Potrerillo valley to the Tres Quebradas valley, for a total distance of 146 kilometres. The road is paved from Vallenar to El Corral for a distance of approximately 100 kilometres with the remainder being constructed with a gravel surface. This road passes through Alto Del Carmen, San Felix, Las Breas and El Berraco. Other than minor snow clearing delays, no winter closures are expected on this portion of the road.

The area has high mountain semi-arid weather, typical of this region with dry and temperate summers and cold and humid winters. The temperature extremes range from minus 25 degrees Celsius in the winter to 25 degrees Celsius in the summer.

The topography of the Pascua-Lama Project is steep and rugged, and is characterized by high sierras and deep valleys with natural slopes of 20° to 40°. Elevations on the property range from approximately 3,800 metres to 5,250 metres above sea level. Superficial material consists of rock outcrops, talus, scree and colluviums (primarily gravel, sand, silt and clay). Vegetation is sparse.

In Chile, mining rights are dominant to the surface estate, and the Mining Code grants the owner of the mineral estate liberal rights to use the surface subject to payment of reasonable compensation to the surface owner. CMN owns all the surface property in and around the Pascua-Lama Project, which was purchased for locating mine facilities and to purchase water rights. Similarly, in Argentina, the Mining Code provides the mining concession owner with broad rights to establish easements for stockpiles, waste dumps, tailings, process facilities, power lines, roads, pipelines, etc., subject to the payment of reasonable compensation to the surface owner.

The Pascua-Lama Project will purchase power from a registered generator on the SIC grid in Chile. Until permanent power is available at site, temporary construction power will be provided by diesel generator. The temporary construction generators will be suitable for use as emergency back-up generators during operations in the event of a primary power failure. Permanent electrical power for the project will be provided by a single circuit 220 kV 106 km line from a main substation connected to the Chile main Central Interconnected grid System (SIC) near Punta Colorada (Coquimbo Region) to a substation near the Protocol Area Access Control point in Chile. From there, separate 220 kV lines will be provided for power supply to the substations located at the process plant in Argentina (47 km) and the mine facilities in Chile (23 km). The construction of the primary power supply system is planned to be completed by mid-2013.

The first process line is scheduled to commence operation in 2013 with first metal production expected by mid 2013. The estimated average demand for electrical energy, during the early stages of operation, increases from 68 megawatts during the fourth quarter of 2012 to 94 megawatts in the third quarter of 2014. Peak demand during this period is estimated at 113 megawatts. By the fourth quarter of 2015, the Pascua-Lama Project will essentially reach steady-state conditions, with an average demand of 111 megawatts and a peak of 121 megawatts for a total annual consumption of 960 gigawatt hours.

The Chilean electricity supply system has recently experienced high prices and restricted supply, however a program of expansion is expected to alleviate these problems. The expansion program will consist of new generation developments based on imported oil, coal and liquefied natural gas and will enable the Pascua-Lama Project to achieve its objectives of low cost and reliable/high availability for the duration of the Pascua-Lama Project.

In Chile, Barrick owns the surface land required for the facilities of the project and has obtained sufficient water rights for the project's needs. In Argentina, Barrick has an undivided 90% interest in "Campos Las Taguas" which is the surface property affected by the mining facilities of the project. In 2008, the majority of remaining key sectorial permits, including water rights and an easement with respect to the 10% interest of "Campos Las Taguas" owned by third parties, were granted by the government of the San Juan Province in Argentina.

The tailings storage facility is located east of the processing plant in the Rio Turbio valley, at an elevation of 3,900 metres above sea level. Reclaim water is returned to the plant process water system.

The Nevada Norte waste rock facility, located at the head of the Rio del Estrecho valley, and immediately north of the Pascua-Lama pits, is designated as the primary waste rock disposal area throughout the life of the mine. The primary dump platform will be at 4,750 metres above sea level with the development of a second level at 4,655 metres above sea level to be commenced in Year five. The waste rock facility has a design capacity of 1,100 million tonnes and when completed will be approximately 600 metres high.

Development

Approximately 55% of the previously announced pre-production capital of $4.7 -$5.0 billion has been committed and first production is expected in mid-2013. The foregoing estimates are based on gold, silver and oil price assumptions of $1,300 per ounce, $25 per ounce and $100 per barrel, respectively and assuming a Chilean peso exchange rate of 475:1. Barrick will continue to finance the project through a combination of one or more of existing capital resources, operating cash flows and additional financings. The project is being impacted by labor and commodities cost pressures as a result of inflation, competition for skilled labor, the impact of increased Argentinean customs restrictions on equipment procurement and lower than expected labor productivity.

In Chile, earthworks were about 95% complete at year-end 2011, and in Argentina, earthworks construction was approximately 65% complete at year end. Approximately 40% of the concrete has been poured at the processing facilities in Argentina and about 15% of the structural steel has been erected to date. Occupancy of the construction camps in Chile and Argentina continues to ramp up with 6,500 beds available by the end of 2011. The camps are expected to reach their full capacity of 10,000 beds in mid-2012. Average annual gold production from Pascua-Lama is expected to be 800,000-850,000 ounces in the first full five years of operation at negative total cash costs of $225-$275 per ounce based on a silver price of $25 per ounce. For every $1 per ounce increase in the silver price, total cash costs are expected decrease by about $35 per ounce over this period.

History

To date, no significant mining activity has taken place in the general vicinity of the Pascua-Lama Project area. Following the discovery of the El Indio deposit 45 kilometres to the south in the mid-1970s, exploration efforts by St. Joe Minerals' ("St. Joe") Compañia Minera San Jose ("CMSA") and other companies to locate similar high-grade gold vein systems intensified in the surrounding region. This increased activity resulted in the 1977 discovery of anomalous levels of gold mineralization in what was at that time identified as the Nevada Sector (synonymous with the Pascua project area) by surface geochemical sampling. Soon after the discovery that same year, CMSA acquired the Nevada property and increased the level of geological, geochemical and geophysical exploration activities.

On the Argentine side, St. Joe conducted exploration in the Lama sector through its subsidiary, Compañia Minera Aguilar S.A. ("CMA"). Early activity on the Lama side of the deposit generally lagged behind work on the Pascua portion by several years. Exploration work at Lama remained fairly low through the tenures of Bond Gold International ("Bond") of Australia (after its acquisition of St. Joe) and LAC Minerals ("LAC") of Canada, which subsequently acquired Bond. Serious exploration in the Lama area did not take place until Barrick's entry into the area through its acquisition of LAC in August 1994.

A timeline of historical events for the Pascua-Lama Project are as follows:

- 1977 – discovered by St. Joe and CMSA
- 1982 – joint venture between CMSA, Anglo American ("Anglo") and Compañia Minera Mantos Blancos
- 1984 – Anglo withdrew from the joint venture
- 1987 – Bond acquired St. Joe
- 1989 – LAC acquired Bond and its holdings in Chile and Argentina
- 1994 – Barrick acquired LAC

- March 2009 – updated feasibility study completed
- May 7, 2009 – Barrick announced Protocol Tax Agreement between Argentina and Chile and subsequent board approval to commence development of the Pascua-Lama Project

Geological Setting

The Pascua-Lama deposit is situated at the crest of the high cordillera of Region III, along the international border between Chile and Argentina and on the northern edge of a major mineralized trend known as the El Indio belt. This trend, along which a number of major precious metal deposits are located (including the nearby Veladero mine), stretches 47 kilometres south of Pascua-Lama to the world-renowned El Indio deposit and adjacent Tambo deposit (both closed).

The geology in the region is dominated by extrusive volcanic rocks that are locally intruded by hypabyssal stocks of varying size and numerous dikes and sills.

Regional structure in and around the gold deposits and prospects in the El Indio belt is dominated by northerly-trending high angle reverse faults, normal faults and fold belts oriented parallel to the major structural grain of this portion of the Andean Cordillera. Pascua-Lama is positioned near the center of a northerly trending graben that contains nearly the entire Tertiary volcanic sequence that is distributed along the spine of the cordillera in Chile and Argentina. This graben is bounded by two high angle reverse fault zones, the Baños del Toro/Chollay located 10 kilometres west of the deposit and the El Indio zone situated 16 kilometres to the east. The graben is cut at Pascua and El Indio by strong, west-northwest fracture zones, which form loci for mineralization. Large elliptical fracture zones are also present immediately to the east and/or northeast of both El Indio/Tambo and the Pascua-Lama/Veladero deposit areas, and these zones may have contributed to host rock permeability.

An intrusive complex is the dominant host lithology for the deposit, and it consists of an upper fine-grained, weakly porphyritic aplite overlying a porphyritic granite/granite porphyry, that in turn overlies a coarse-grained granite aplite. Locally, coarse-grained equigranular granite occurs at greater depth. The structural framework of the Pascua-Lama deposit has been divided into six principal sets, each of which is characterized by a range of common azimuths.

Exploration

After Barrick's acquisition of LAC in August 1994, CMN's exploration activities in the Pascua and Lama sectors of the Nevada project increased significantly. Drilling began to test the area along the west and south margins of Brecha Central. Drilling accelerated in 1995-1996, testing the mineralization in and around Brecha Central, Brecha Sur and Brecha Pedro. Just before the end of the field season in April 1996, the portal for the Alex Tunnel was installed.

The amount of diamond core drilling in the Pascua sector increased substantially during the 1996-1997 field season for geotechnical purposes. While work again focused on the Brecha Central, Brecha Sur and Brecha Pedro areas, some drilling also extended west of Brecha Central to the border with Argentina. Work intensified to define the resources in the Pascua sector in the fall of 1997 and continued through 2000. Surface reverse circulation and diamond drilling continued to push east towards the Lama sector and the border with Argentina. The workings on the Alex Tunnel level were extended from the portal eastward in a system of drifts and crosscuts for a distance of approximately four kilometres, providing underground exposures of the various mineralized fracture systems, breccia and intrusive bodies, and other mineralized lithologies intersected by surface drilling. Channel sampling and geologic mapping of the underground workings provided data and information for the updating of the geologic interpretations and computer block models used for resource estimation. Drifting in the Alex Tunnel resumed in late 1998 from the international border, eventually breaking through on July 7, 1999.

In the Lama sector, surface drilling during the 1997-1998 field season commenced in the portion of the Lama deposit that was controlled by Barrick. Surface exploration activity in the Lama sector remained high through the 1999-2000 field season, however, the following year, activity was reduced significantly.

The break through of the Alex Tunnel in 1999 provided year-round underground access and opened up a significant portion of the Pascua-Lama deposit for exploration and delineation by underground diamond drilling. In addition to the drilling, underground work included geologic mapping, channel sampling for mineralization characterization, and also channel sampling and bulk sampling for metallurgical testing.

In the 2005-2006 field season, the drilling activities were initiated to define some condemnation areas and characterize the rocks for geotechnical conditions in the future mine infrastructure location.

Mineralization

The emplacement of mineralization, as well as development of the breccias which host mineralization, at Pascua was controlled by high angle faults. Six high angle fault sets have been identified, striking west-north-west, north-northeast, north-south, north-west, north-east and east-west. The breccias that host much of the gold-silver mineralization occur at the intersections of three or more fault sets. Here, mineralization is found mainly in veinlets that are hosted by fractures of the intersecting high angle fracture zone sets, although minor mineralization also occurs in the selvage around veinlets. Low angle fractures within the breccias often contain significant gold and copper with or without silver mineralization, mineralization occurring within the matrix of breccia bodies is important as well.

In total, at least 14 major centres of mineralization and a number of smaller centres have been recognized, of which Brecha Central is the most significant. Other major centres (in order of decreasing importance) include Brecha Pedro and Frontera, which are located approximately 410 metres and 350 metres to the west-north-west and north-east, respectively, of Brecha Central, and Esperanza Norte, Seis Esquinas, Brecha Rosada, Brecha Sur, Central Norte, Esperanza Sur, Morro Oeste, Huerfano, Escondite, Penelope Este and Penelope Oeste.

The silver mineralization grossly mimics the distribution of gold but over a much broader lateral area. In any particular zone, silver typically occurs across widths that are two to three times those of gold. Generally, silver also occupies an elevation range that overprints the vertical extent of gold between 4,600 metres above sea level and 4,880 metres above sea level, with local zones along structures extending upwards to 4,950 metres above sea level to 5,000 metres above sea level. The upper 150 metres of the silver zone tends to average between 50 grams per tonne to 200 grams per tonne silver while grades in the lower portion of the zone tend to average between 20 grams per tonne to 40 grams per tonne.

Drilling

Much of the upper 300 metres in the deposit has been drilled from the surface by vertical diamond drilling and reverse circulation holes or clusters of angle holes that fan outwards from individual drill sites. Over the life of the Pascua-Lama Project, approximately 159,212 metres of diamond drilling and approximately 333,415 metres of reverse circulation drilling has been completed.

The majority of the drill holes are steeply inclined in a wide range of strike directions orthogonal to the mineralized structures. Because of these geometric relations, the drill hole sample lengths do not represent true thickness of the mineralization. In general, the sampled length is greater than the actual length of mineralization.

Sampling and Analysis

Reverse Circulation Drilling

The first reverse circulation drilling on the Pascua-Lama Project was under the direction of LAC and consisted of relatively small-diameter (108 millimetres) holes. The sampling of reverse circulation drill cuttings for assay reportedly followed generally accepted industry practices, where samples were taken every 1.0 metre during drilling, and collected and bagged at the drill rigs after being reduced using either rotary splitters or conventional riffle splitters. The reverse circulation drilling undertaken by Barrick since 1994 was sampled on 1.0 metre intervals. Sample homogenization and splitting took place in the sample preparation area, not at the drill pad, in order to assure that samples were well-mixed before splits were made.

Diamond Drilling

Diamond drilling has been an integral part of the sampling of the Pascua-Lama deposit since its discovery in the late 1970s. Up until 1988, only diamond drilling was done, with surface holes recovering NW or NQ-diameter core, and underground drilling from tunnels recovering smaller diameter core (AW, BW, or BQ). The use of AW-diameter core (drilled only during the 1983-1984 field season by CMN) was abandoned thereafter due to unacceptable core recoveries. Since 1988, most diamond core holes drilled have been HQ or NQ when drilled from the surface and NW or NQ when drilled from underground stations.

Core samples were collected on 1.0 metre down-hole lengths except where geologic contacts or visual breaks in mineralization type were noted, in which case sample lengths could be less than 1.0 metre or between 1.0 metre and 2.0 metres. Initially, drill core was split longitudinally for assay using diamond saws. After hole DDH-182 was drilled, conventional hydraulic or manual core splitters were used in order to help avoid the possible loss of gold during the core splitting process.

More than 4,000 individual density determinations were done using the water immersion method on wax-covered samples, the majority of which were taken from diamond drill core. Density determinations that are based on the standard waxed core/water immersion method and which were performed on material that does not have a wide range of sulphide content form a solid basis for the assignment of material density values in resource block modeling.

The collection of samples from the reverse circulation and diamond drilling holes were based on a sample interval of 1.0 metre measured along the drill hole trace. This is considered an appropriate sample length for gold deposits such as Pascua-Lama.

During LAC's tenure, all primary analyses were done at the Canadian Institute of Mining, Metallurgy & Petroleum's ("CIMM") Santiago laboratory facility, using a combination of aqua regia digestion with MIBK organic back extraction and atomic absorption finish, and conventional fire assay with gravimetric finish. In some cases where initial aqua regia analysis indicated gold contents in excess of 1.0 gram per tonne, follow-up fire assays were run.

On the Lama side, because the exploration activities were run out of the Barrick office in San Juan, Argentina by different personnel, samples were sent to the laboratory operated by Bondar Clegg ("BC") in Santiago for gold, silver and copper determinations. The procedures used by BC for all analytical work are described as follows:

- All initial gold determinations for all samples submitted were by fire assay, using a 50 gram charge and an atomic absorption spectroscopy ("AAS") finish. For samples that assayed 5.0 grams per tonne of gold or greater, the samples were re-run by fire assay using a gravimetric finish. Samples falling in the greater than 3.0 grams per tonne of gold and less than 5.0 grams per tonne of gold range were re-run using the initial method; and

- Copper and initial silver analyses were by four-acid digestion followed by AAS finish. For silver analyses returning values greater than 50 grams per tonne, the analyses were repeated using fire assay with a gravimetric finish.

Sample preparation and analyses for the Pascua side were managed out of La Serena, Chile, while similar activities for the Lama portion of the deposit were conducted out of San Juan, Argentina. On the Pascua side, sample preparation initially was done by Geoanalitica in La Serena. The sample preparation procedures used by St. Joe/CMSA and CMN prior to LAC's acquisition of the Pascua-Lama Project are unknown, although all St. Joe/CMSA samples reportedly were prepared at St. Joe's in-house laboratory facility in La Serena, Chile. During LAC's tenure as owner of CMN and the Pascua-Lama Project, sample preparation was moved to the exploration camp at the project site.

The quality assurance and quality control program ("QA/QC") put in place after Barrick's acquisition of the Pascua-Lama deposit included the submission of pulp duplicates every 20th sample to CIMM in Santiago and BC in La Serena for Lama samples; to Acme and BC for Pascua samples. Pascua coarse reject duplicates were sent to Geoanalytica for analysis and Lama duplicate coarse rejects were sent to CIMM in Santiago. The QA/QC control of the samples of the 2005-2006 drilling season was made under QA/QC Barrick corporate guidelines and in keeping with Barrick's independent consultants' recommendations. In a batch of 75 samples, nine control samples were inserted, divided between standards, blanks and duplicates. The results were mostly accepted.

Based on checks made by SRK on a portion of the QA/QC database, the results show that the sampling, preparation and analysis of samples is being carried out in an acceptable manner in keeping with recognized industry standards of practice.

Security of Samples

All samples remain in the possession of CMN employees during transport from the drill rigs and/or sample sites (surface trenches and underground workings) to the on-site and third party preparation facilities. Transfer of pulps from the sample preparation facilities to the CIMM laboratory in Santiago was by either common carrier in sealed containers or by CMN, Geoanalytica or Acme employees.

Mineral Reserve and Mineral Resource Estimates

See "Description of the Business – Technical Information – Summary of Mineral Reserves and Mineral Resources" for the estimated Mineral Reserves and Mineral Resources (silver only, 25%) for the Pascua-Lama Project as of December 31, 2011.

Mining Operations

The Pascua-Lama Project has been designed as an open pit mine feeding two primary crushers. The process facilities, located approximately 7.5 kilometres to the southeast, are connected to the primary crushers via a tunnel and overland conveyor.

Mine service facilities (truck shop and fuel storage) are located adjacent to the primary crushers. The primary waste rock facility is located at the head of the Rio del Estrecho valley.

The equipment was selected for a standard open pit mining operation with conventional drill, blast, load and haul, considering bulk excavation of waste using large rope shovels, and bulk-selective loading of ore using front end loaders and hydraulic excavators. A mining fleet commencing with diesel powered equipment has been selected, supplemented by lower cost electric shovels as the pit is developed.

The drilling equipment will consist of four electric units drilling 270 millimetre diameter blastholes for Pascua and two units set up for 229 millimetre diameter blastholes for Esperanza. Pre-split drilling will be applied in the final pit walls and will be drilled with 165 millimetre diameter holes. Blasting design assumes the use of heavy ammonium nitrate/fuel oil as the primary blasting agent with emulsion used in areas requiring higher strength or water resistance.

The preferred option is a fleet of electric rope shovels for the majority of loading requirements supported by hydraulic excavators and front-end loaders for ore loading and secondary requirements. There will be two 60 cubic metre electric rope shovels assigned to waste loading, plus three 42 cubic metre diesel hydraulic shovels and three 17 cubic metre front end loaders assigned to ore and stock re-handling. Performance for a 60 cubic metre shovel in waste is estimated at 70,000 tonnes per day while the 42 cubic metre shovels performance is estimated at 65,000 tonnes per day. According to the current construction plan, electrical power will be available at the mine only at the second quarter of the pre-stripping, so this first stage of exploitation will only be handled with the hydraulic shovels and front-end loaders. The electric supply has to consider topographic and weather conditions (winds, snow), avoid exposed aerial lines in problematic areas and will depend primarily on trailing cable.

The truck fleet consists of 30 units, each with 290 tonne capacity. Calculation of the number of trucks is based upon the detailed estimate of hauling distances for every type of material per phase and period.

The ancillary equipment includes bulldozers, wheel dozers, graders and water trucks. The number of auxiliary units is a function of the number of units in the primary loading and hauling fleet, as well as the total rock movement in the pit.

Mine planning will need to schedule ore loading operations in order to batch refractory and non-refractory ore; in addition operational stockpiles need to be scheduled with consideration given to variable ore exposure within active mine benches. The stockpiles will be segregated into refractory and non-refractory ore and a total of 130 million tonnes is planned to be sent to stockpile and reclaimed during the mine life. This will necessitate operational stockpile re-handling (up to 30% re-handling of ore feed). Stockpile planning needs to consider this requirement in addition to that associated with winter mine operations. Operational stockpile locations and sizes will be adjusted to the requirements of short- and medium-term mine plans where possible will be located close to the primary crusher. The ability to separate various ore types, as well as the tracking of ore grades going to and coming out of stockpile, will need careful consideration form the short-term mine planning group in order to achieve the desired processing requirements.

Process Plant

The plant is designed to operate 24 hours per day, 365 days per year and with an operating availability of 90%, which reflects the impact of high altitude, difficult weather conditions, complex treatment circuit and scheduling requirements of the two main ore types. Plant capacity is 45,000 tonnes per day, that is, 16.4 million tonnes per year.

The mine, treatment plant, infrastructure and associated facilities straddle the Chile/Argentina border. The primary crusher installation is located in the Pascua area in Chile at an elevation of 4,750 metres above sea level and the process plant is located in the Lama area in Argentina in the Rio Turbio valley, at approximately 4,000 metres above sea level. These process areas are connected by a single ore conveyor system, most of which is located in a tunnel connecting the two sites.

Ores are termed “refractory” when gold and silver, which are mostly associated with the sulphide minerals, have a very poor metallurgical response to direct cyanidation with respect to both low precious metal recovery and high cyanide consumption. Ores that are termed “non-refractory” are amenable to direct cyanidation, and high precious metal recoveries are obtained with low to moderate cyanide consumption. An initial ranking system that produced eight ore categories was further refined to a four-part description according to the following criteria:

- Non-refractory: oxide ore (less than 3% S) which contains only small amounts of soluble minerals (less than 0.75% iron (sol) and less than 0.03% copper (sol)). Washing is not required to achieve acceptable metallurgical results but is beneficial to operating costs as it reduces cyanide consumption (removes soluble cyanide consuming components);

- Non-refractory wash: oxide ore (less than 3% S) which contains significant amounts of soluble minerals (greater than 0.75% iron (sol) and/or > 0.03% copper (sol)). Washing is required to remove the soluble components prior to cyanidation to achieve acceptable metallurgical results;

- Refractory sulphide enargite: sulphide ore (greater than 3% S) which contains significant enargite (copper - copper (sol) greater than 0.03%) and soluble sulphate minerals. This ore type requires washing and flotation of a copper/gold/silver concentrate and cyanidation of flotation tails to achieve acceptable metallurgical results; and

- Refractory sulphide pyrite: sulphide ore (greater than 3% S) in which pyrite is the major sulphide mineral and contains only small amounts of copper sulphide minerals (copper - copper (sol) less than 0.03%). A significant portion of the gold and silver are associated with pyrite and are “locked up”, or refractory to cyanidation. This ore type requires washing, flotation and cyanidation of flotation tails to achieve acceptable metallurgical results. The gold-silver-pyrite concentrate has low copper values.

Post-2006, the process operating strategy and plant design considered that as all material is ground and washed, only two ore classifications apply: non-refractory ore is subject to direct leaching, and refractory ore is floated prior to leaching of the flotation tails. The final products from these circuits are: silver-gold doré bullion from the non-refractory circuit, and silver-gold doré bullion and copper-gold-silver concentrate from the refractory circuit.

Ore is derived from open pit mining operations from the Pascua and Esperanza areas of the deposit. Initial pit development from these areas delivers non-refractory ore to the process plant for the first two full years of operation. Thereafter, mining and ore delivery to the primary crusher and downstream treatment facilities is in the ratio of 2:1 for non-refractory and refractory ores respectively, in accordance with the mine plan and reserve model. The refractory ore is first scheduled to be treated in year three of operations.

The principal processing stages for this circuit are: primary crushing, autogenous/ball milling (wet grinding), counter current decant (“CCD”) washing, pre-aeration and oxygen enhanced cyanide leaching, CCD thickening for pregnant solution recovery, cyanide destruction, Merrill Crowe zinc precipitation, mercury retorting, and smelting. Additional process stages for refractory ore treatment are: roughing/cleaner/scavenger flotation with regrinding of rougher concentrate, final copper concentrate thickening, filtering and bagging.

Both the non-refractory and refractory ore types are ground and washed, with the non-refractory ore subject to direct cyanidation only. The washed refractory ore is subjected to flotation with float tails then proceeding to cyanidation. The final products from the process, available for export, are silver-rich doré bullion and a gold-silver rich (low grade) copper concentrate.

Based on the investigations to date, the Pascua-Lama gold-silver-copper concentrate is marketable as third party feed to a select few custom copper smelters. Barrick will look to sell 100% of the anticipated concentrate production under long-term off-take agreements to ensure saleability of 100% of the Pascua-Lama Project’s high value complex material in all market conditions. Agreements will include tonnage ranges covering all forecasted fluctuations in annual concentrate production.

Environment

The Pascua-Lama project environmental permit was submitted to both Chilean and Argentine authorities in 2000. The Pascua-Lama project received Environmental Impact Assessment ("EIA") approval from appropriate authorities in Chile in May 2001 and, in December 2004, Barrick submitted a second EIA in respect of modifications of the project. In 2005, three addenda were submitted in response to questions and concerns raised by the communities and authorities. Barrick received approval of the EIA from Chilean environmental regulatory authorities in February 2006.

As noted above, the Environmental Impact Statement ("EIS") prepared for the portion of the mine, mill and tailings storage facility for the project located in Argentina was submitted in 2000 and updated in 2004 to incorporate the cumulative impacts of the construction and development of the nearby Veladero project. This updated EIS was submitted in November 2004. In December 2006, Barrick received approval of the EIS from the San Juan, Argentina, provincial environmental regulatory authority. Having obtained approval of the EIS, Barrick will also need to obtain various sectoral permits for the construction and operation of the project. In April 2009, Barrick submitted a first biannual update of the EIS to the Province of San Juan's environmental regulatory authority, which was approved in December 2009. In May 2010, Barrick submitted a second biannual update of the EIS to the Province of San Juan's environmental regulatory authority and in 2011 filed a third update. Additional project related infrastructure and facilities were included and considered in these updates. Barrick is currently awaiting approval of the EIS updates the related sectorial permits are expected to be obtained in due course.

In 2007, the Huascoaltinos Agricultural Community filed a petition against the State of Chile before the Inter-American Commission on Human Rights ("IACHR") claiming that certain of the Community's rights under the American Convention of Human Rights had been violated as a result of, amongst other things, the State's issuance of certain environmental approvals relating to the project. The case has been briefed by the petitioner Community and the respondent State before the IACHR. Barrick is not a party to the proceedings. Depending on the decision reached by the IACHR, the IACHR could, amongst other things, potentially impose precautionary measures on the State or recommend alterations to the conditions under which the project was approved or reopen its environmental review. Any such decision could limit or suspend Barrick's ability to develop the project, and could potentially affect Barrick's ability to complete the project as it is currently designed.

The current design of the facilities was constrained by the requirement of the Chilean environmental authorities to not adversely affect the glaciers in the area. Argentina recently passed a federal glacier protection law that restricts mining in areas on or near the nation's glaciers. Refer to "Barrick Transaction", page 5.

There is an appropriate environmental management plan for the Pascua-Lama Project, covering the management and monitoring of all the environmental components that may be impacted by the Pascua-Lama Project. The reviewed information shows that the water associated with the waste dump in the Pascua area will be appropriately managed, in compliance with environmental and safety standards.

At December 31, 2011, the recorded amount of estimated future reclamation and closure costs that were recorded under IFRS as defined by IAS 37, and that have been updated each reporting was $51 million.

DIVIDENDS

On March 3, 2011, the Company announced that its Board of Directors had approved an inaugural quarterly dividend of $0.03 per Common Share. The initial quarterly dividend of $0.03 per share was paid to holders of record of the Common Shares as of the close of business on March 21, 2011. A second quarterly dividend of $0.03 per share was paid to holders of record of the Common Shares as of the close of business on June 20, 2011. A third quarterly dividend of $0.03 per share was paid to the holders of record of the Common Shares as of the close of business on September 20, 2011. A fourth quarterly dividend of $0.09 per share was paid to the holders of record of the Common Shares as of the close of business on November 23, 2011. The total dividends paid during 2011 was $0.18 per Common Share.

In November 2011, the Company announced that it had adopted a new dividend policy that linked quarterly dividend payments to operating cash flows in the prior quarter, such that the quarterly dividend per Common Share will be equal to 20% of the cash generated by operating activities in the previous quarter divided by the Company's outstanding Common Shares at the time the dividend is approved, all rounded to the nearest cent. The declaration, timing, amount and payment of dividends remains at the discretion of the Board of Directors and will depend on the Company's cash requirements, future prospects and other factors deemed relevant by the Board of Directors.

DESCRIPTION OF CAPITAL STRUCTURE

Authorized Capital

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preference shares (the "Preference Shares"), issuable in series. As of March 22, 2012, 353,563,679 Common Shares and no Preference Shares are issued and outstanding.

Common Shares

Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Company, to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Company's Board of Directors at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. There are currently no other series or class of shares which rank senior in priority to the Common Shares. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Preference Shares

The Preference Shares may, at any time or from time to time, be issued in one or more series. The Company's Board of Directors shall fix before issue, the number of, the consideration per share of, the designation of, and the provisions attaching to the shares of each series. Except as required by law or as otherwise determined by the Company's Board of Directors in respect of a series of shares, the holder of a Preference Share shall not be entitled to vote at meetings of shareholders. The Preference Shares of each series rank on a priority with the Preference Shares of every other series and are entitled to preference over the Common Shares and any other shares ranking subordinate to the Preference Shares with respect to priority and payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

TRADING PRICE AND VOLUME

Common Shares

The Common Shares are listed and posted for trading on the TSX and the NYSE under the symbol "SLW". The following table sets forth information relating to the trading of the Common Shares on the TSX for the months indicated.

Month	High (C$)	Low (C$)	Volume
January 2011	38.28	28.85	49,190,670
February 2011	41.48	31.01	39,639,401
March 2011	45.02	37.72	52,209,277
April 2011	45.50	37.11	52,674,772
May 2011	37.89	31.33	48,126,127
June 2011	36.05	29.42	40,904,574

Month	High (C$)	Low (C$)	Volume
July 2011	38.46	31.63	34,486,114
August 2011	40.00	31.87	39,596,151
September 2011	42.49	30.29	69,626,252
October 2011	36.18	27.51	41,009,015
November 2011	37.88	31.83	37,047,797
December 2011	34.97	27.51	28,765,366

The price of the Common Shares as quoted by the TSX at the close of business on December 30, 2011 was C$29.50 and on March 22, 2012 was C$33.66.

U.S. Dollar Warrants

The U.S. dollar common share purchase warrants (the "U.S. Dollar Warrants") of the Company (each of which is exercisable to acquire one Common Share at a price of $20.00 until September 5, 2013) are listed and posted for trading on the TSX under the symbol "SLW.WT.U". The following table sets forth information relating to the trading of the U.S. Dollar Warrants on the TSX for the months indicated.

Month	High ($)	Low ($)	Volume
January 2011	24.90	15.61	146,531
February 2011	24.10	17.22	227,129
March 2011	27.50	20.50	654,114
April 2011	28.11	19.91	957,022
May 2011	21.01	15.6	284,392
June 2011	19.00	13.00	165,104
July 2011	21.94	16.00	114,718
August 2011	22.15	16.00	105,007
September 2011	23.65	13.40	217,942
October 2011	17.50	11.90	101,538
November 2011	19.00	13.80	94,829
December 2011	16.01	10.75	76,466

The price of the U.S. Dollar Warrants as quoted by the TSX at the close of business on December 30, 2011 was $11.76 and on March 22, 2012 was $15.02.

DIRECTORS AND OFFICERS

The following table sets forth the name, province/state and country of residence, position(s) held with the Company and principal occupation of each person who is a director and/or an executive officer of the Company as of the date of this annual information form.

Name, Province/State and Country of Residence	Position(s) with the Company	Principal Occupation
Douglas M. Holtby (2) British Columbia, Canada	Chairman of the Board and Director since April 2006 (4)	Corporate Director
Lawrence I. Bell (3) British Columbia, Canada	Director since April 2006 (4)	Corporate Director
George L. Brack (1)(2) British Columbia, Canada	Director since November 2009 (4)	Corporate Director

Name, Province/State and Country of Residence	Position(s) with the Company	Principal Occupation
John A. Brough (1)(3) Ontario, Canada	Director since October 2004 (4)	Corporate Director
R. Peter Gillin (1)(2) Ontario, Canada	Director since October 2004 (4)	Corporate Director
Eduardo Luna Mexico City, Mexico	Director since December 2004 (4)	Corporate Director
Wade D. Nesmith (3) British Columbia, Canada	Director since October 2004 (4)	Corporate Director
Randy V. J. Smallwood British Columbia, Canada	President, Chief Executive Officer and Director Director since May 2011 (4)	President and Chief Executive Officer of Silver Wheaton
Gary D. Brown British Columbia, Canada	Senior Vice President and Chief Financial Officer	Senior Vice President and Chief Financial Officer of Silver Wheaton
Curt D. Bernardi British Columbia, Canada	Senior Vice President, Legal and Corporate Secretary	Senior Vice President, Legal and Corporate Secretary of Silver Wheaton
Brad J. Kopp British Columbia, Canada	Senior Vice President, Investor Relations	Senior Vice President, Investor Relations of Silver Wheaton

(1) Member of the Audit Committee.
(2) Member of the Human Resources Committee.
(3) Member of the Governance and Nominating Committee.
(4) Directors are elected at each annual meeting of Silver Wheaton's shareholders and serve as such until the next annual meeting or until their successors are elected or appointed.

The principal occupations, businesses or employments of each of the Company's directors and executive officers within the past five years are disclosed in the brief biographies set forth below.

Douglas M. Holtby – Chairman of the Board and Director. Mr. Holtby is currently the Vice Chairman of the Board and Lead Director of Goldcorp and President and Chief Executive Officer of three private investment companies, Arbutus Road Investments Inc., Majick Capital Inc. and Holtby Capital Corporation. From June 1989 to June 1996, Mr. Holtby was President, Chief Executive Officer and a director of WIC Western International Communications Ltd., from 1989 to 1996, he was Chairman of Canadian Satellite Communications Inc., from 1998 to 1999, he was a Trustee of ROB.TV and CKVU, from 1974 to 1989, he was President of Allarcom Limited and, from 1982 to 1989, he was President of Allarcom Pay Television Limited. Mr. Holtby is a Fellow Chartered Accountant, and a graduate of the Institute of Corporate Directors - Director Education Program at the University of Toronto, Rotman School of Management.

Lawrence I. Bell – Director. Mr. Bell served as the non-executive Chairman of British Columbia Hydro and Power Authority until December 2007. From August 2001 to November 2003, Mr. Bell was Chairman and Chief Executive Officer of British Columbia Hydro and Power Authority and, from 1987 to 1991, he was Chairman and Chief Executive Officer of British Columbia Hydro and Power Authority. He is also a director of Capstone Mining Corp., International Forest Products Limited, Matrix Asset Management Inc. and Goldcorp and is former Chairman of the University of British Columbia Board of Directors and former Chairman of Canada Line (Rapid Transit) Project. Prior to these positions, Mr. Bell was Chairman and President of the Westar Group and Chief Executive Officer of Vancouver City Savings Credit Union. In the province's public sector, Mr. Bell has served as Deputy Minister of Finance and Secretary to the Treasury Board. He holds a Bachelor of Arts degree and an Honours Ph.D. from the University of British Columbia. He also holds a Masters of Arts degree from San José State University and is a Fellow of the Institute of Corporate Directors.

George L. Brack – Director. Mr. Brack's 26-year career in the mining industry has focused on investment banking and corporate development, specifically identifying, evaluating and executing strategic mergers and acquisitions, and the provision of equity financing. Until January 2009, Mr. Brack acted as the Managing Director and Industry Head, Mining Group, of Scotia Capital. Prior to joining Scotia Capital in 2006, Mr. Brack spent seven years as President of Macquarie North America Ltd., an investment banking firm specializing in merger and acquisition advice. Previous to that, Mr. Brack was Vice President, Corporate Development at Placer Dome Inc., was Vice President of the investment banking group at CIBC Wood Gundy, and worked in Rio Algom's Corporate Development department. Mr. Brack holds an MBA from York University, a BASc in Geological Engineering from the University of Toronto and the CFA designation.

John A. Brough – Director. Mr. Brough had been President of both Torwest, Inc. and Wittington Properties Limited, real estate development companies, from 1998 to December 31, 2007, upon his retirement. Prior thereto, from 1996 to 1998, Mr. Brough was Executive Vice President and Chief Financial Officer of iSTAR Internet, Inc. Prior thereto, from 1974 to 1996, he held a number of positions with Markborough Properties, Inc., his final position being Senior Vice President and Chief Financial Officer which position he held from 1986 to 1996. Mr. Brough is an executive with over 30 years of experience in the real estate industry. He is currently a director and Chairman of the Audit and Risk Committee of Kinross Gold Corporation, a director and Chairman of the Audit Committee and Lead Director of First National Financial Corporation, a director and Chairman of the Governance, Compensation and Nominating Committee of TransGlobe Apartment REIT, and a director and Chairman of the Audit Committee of Canadian Real Estate Investment Trust. He holds a Bachelor of Arts degree (Economics) from the University of Toronto and is a Chartered Accountant. He is also a graduate of the Institute of Corporate Directors – Director Education Program at the University of Toronto, Rotman School of Management. Mr. Brough is a member of the Institute of Corporate Directors and the Canadian Institute of Chartered Accountants.

R. Peter Gillin – Director. Mr. Gillin was Chairman and Chief Executive Officer of Tahera Diamond Corporation, a diamond exploration, development and production company, from October 2003 to September 2008 and Chief Restructuring Officer until December 2008. Since 2004, Mr. Gillin has been a member of the Independent Review Committee of TD Asset Management Inc. and, since December 2005, a director of Trillium Health Care Products Inc. (a private company). Mr. Gillin was appointed a director of Sherritt International Corporation January 1, 2010 and Dundee Precious Metals Inc. in December 2009. From April 2008 to March 2009, Mr. Gillin was a director of HudBay Minerals Inc. From November 2002 to May 2003, Mr. Gillin was President and Chief Executive Officer of Zemex Corporation, an industrial minerals producer, and had been a director of that company since 1999. From 1996 to 2002, Mr. Gillin was Vice Chairman and a director of N.M. Rothschild & Sons Canada Limited, an investment bank, and, from 2001 to 2002, was Acting Chief Executive Officer. He holds a HBA degree from the Richard Ivey School of Business at the University of Western Ontario and is a Chartered Financial Analyst. He is also a graduate of the Institute of Corporate Directors – Director Education Program at the University of Toronto, Rotman School of Management and has earned the designation of ICD.D. from the Institute of Corporate Directors.

Eduardo Luna – Director. Mr. Luna is currently Director, President and CEO of Rochester Resources Ltd., Advisor and Director of Primero Mining Corp. and advisor of Mercator Minerals Ltd. Mr. Luna was Chairman of the Company from October 2004 to May 2009 (and was Interim Chief Executive Officer of the Company from October 2004 to April 2006), Executive Vice President of Wheaton River from June 2002 to April 2005, Executive Vice President of Goldcorp from March 2005 to September 2007 and President of Luismin, S.A. de C.V. from 1991 to 2007. He holds a degree in Advanced Management from Harvard University, an MBA from Instituto Tecnologico de Estudios Superiores de Monterrey and a Bachelor of Science in Mining Engineering from Universidad de Guanajuato. He held various executive positions with Minera Autlan for seven years and with Industrias Peñoles for five years. He is the former President of the Mexican Mining Chamber and the former President of the Silver Institute. He serves as Chairman of the Advisory Board of the Faculty of Mines at the University of Guanajuato and as a board member of the Mineral Resources Council in Mexico.

Wade D. Nesmith – Director. Mr. Nesmith is currently Chairman of Primero Mining Corp. and from 2004 to 2009 was associate counsel with Lang Michener LLP, a law firm where he previously practiced as a partner from 1993 to 1998. He is also Chairman of Selwyn Resources Ltd. Mr. Nesmith has served on the boards of, among others, Geovic Mining Corp., Polymer Group, Inc., Broadpoint Securites, Inc., and Westport Innovations, where he was also a senior officer of the Company. He also served as the Executive Director (then Superintendent of Brokers) for the Province of British Columbia. Mr. Nesmith received his LLB from Osgoode Hall Law School in 1977.

Randy V. J. Smallwood – President, Chief Executive Officer and Director. Mr. Smallwood holds a geological engineering degree from the University of British Columbia, and is one of the founding members of Silver Wheaton. In 2007, he joined Silver Wheaton full time as Executive Vice President of Corporate Development, primarily focusing on growing the Company through the evaluation and acquisition of silver stream opportunities. In January 2010 he was appointed President, and in April 2011 he was appointed Silver Wheaton's Chief Executive Officer. Mr. Smallwood originally started as an exploration geologist with Wheaton River Minerals Ltd., and in 2001 was promoted to Director of Project Development, his role through its 2005 merger with Goldcorp. Before joining the original Wheaton River group in 1993, Mr. Smallwood also worked with Homestake Mining Company, Teck Corp. and Westmin Resources. Mr. Smallwood was an instrumental part of the team that built Wheaton River / Goldcorp into one of the largest, and more importantly most profitable gold companies in the world, and he is now focused on continuing to add to the impressive growth profile of Silver Wheaton.

Gary D. Brown – Senior Vice President and Chief Financial Officer. Mr. Brown is currently the Senior Vice President and Chief Financial Officer of Silver Wheaton having joined the Company in June 2008. Prior to Silver Wheaton, he was the Chief Financial Officer of TIR Systems Ltd. from September 2005 to July 2007. He has also held senior finance roles with CAE Inc., Westcoast Energy Inc., and Creo Inc. Mr. Brown brings almost 20 years of experience as a finance professional and holds professional designations as a Chartered Accountant and a Chartered Financial Analyst as well as having earned a Masters Degree in Accounting from the University of Waterloo.

Curt D. Bernardi – Senior Vice President, Legal and Corporate Secretary. Mr. Bernardi has been practicing law since his call to the British Columbia bar in 1994. He worked for the law firm of Blake, Cassels & Graydon in the areas of corporate finance, mergers and acquisitions and general corporate law until leaving to join Westcoast Energy in 1998. Following the acquisition of Westcoast Energy by Duke Energy in 2002, Mr. Bernardi continued to work for Duke Energy Gas Transmission as in-house legal counsel, working primarily on reorganizations, mergers and acquisitions, joint ventures and general corporate/commercial work. In 2005, Mr. Bernardi joined Union Gas as their Director, Legal Affairs and was responsible for legal matters affecting Union Gas. He obtained his Bachelor of Commerce from the University of British Columbia and his Bachelor of Law from the University of Toronto.

Brad J. Kopp – Senior Vice President, Investor Relations. Mr. Kopp is currently the Senior Vice President, Investor Relations of Silver Wheaton having joined the Company in 2008. Prior to joining Silver Wheaton, he was Manager of Corporate Development at Sherwood Copper Corp. Prior to this, Mr. Kopp worked for over nine years in the brokerage industry. His roles included Trading Manager of the BC and Yukon region of BMO Investorline Inc. and Assistant Branch Manager at Research Capital Corp. He is a member of both the Market Technician's Association and the Board of the Silver Institute. Mr. Kopp earned his Bachelor of Commerce with Great Distinction from the University of Saskatchewan, and in 2001 successfully completed the Chartered Market Technician's (CMT) Program.

As at December 31, 2011, the directors and executive officers of Silver Wheaton, as a group, beneficially owned, directly and indirectly, or exercised control or direction over 431,064 Common Shares, representing less than one percent of the total number of Common Shares outstanding before giving effect to the exercise of options or warrants to purchase Common Shares held by such directors and executive officers. The statement as to the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of Silver Wheaton as a group is based upon information furnished by the directors and executive officers.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Company) that, (i) was subject to 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, that was in effect for a period of more than 30 consecutive days, 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 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, that was in effect for a period of more than 30 consecutive days, 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, other than: (a) Mr. Brough who is a director of a mining company that was subject to a management cease trade order against the directors and officers of the mining company from April 2005 to February 2006 in connection with such company's failure to file audited financial statements for the year ended December 31, 2004. The missed filings resulted from questions raised by the United States Securities and Exchange Commission (the "SEC") about certain accounting practices related to the accounting for goodwill. When the SEC accepted the mining company's proposed treatment, the mining company made its filings, and the cease trade orders were revoked; and (b) Mr. Gillin who was a director of, and Chairman and Chief Executive Officer of Tahera Diamond Corporation ("Tahera") from October 2003 to December 2008, a company that filed for protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA") with the Ontario Superior Court of Justice on January 16, 2008. As a consequence of its financial difficulties, Tahera failed to file financial statements for the year ended December 31, 2007 and subsequent financial periods. As a result, Tahera was delisted from the Toronto Stock Exchange in November 2009 and issuer cease trade orders were issued in 2010 by the securities regulatory authorities of Ontario, Quebec, Alberta and British Columbia, which orders have not been revoked. Tahera subsequently sold its tax assets to Ag Growth International and certain properties, including the Jericho diamond mine, to Shear Minerals Ltd., and the monitoring process under CCAA concluded by order of the Superior Court of Justice in September, 2010.

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially control of the Company, is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became 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, other than: (a) Mr. Nesmith who was a director of an automotive company which applied for Chapter 11 bankruptcy protection in December 2004 and emerged from Chapter 11 bankruptcy protection in March 2005; and (b) Mr. Gillin who was a director of, and Chairman and Chief Executive Officer of Tahera from October 2003 to December 2008, a company that filed for protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA") with the Ontario Superior Court of Justice on January 16, 2008. Tahera subsequently sold its tax assets to Ag Growth International and certain properties, including the Jericho diamond mine, to Shear Minerals Ltd., and the monitoring process under CCAA concluded by order of the Superior Court of Justice in September, 2010.

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially control of the Company, has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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.

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, 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.

Conflicts of Interest

To the best of Silver Wheaton's knowledge, and other than as disclosed in this annual information form, there are no known existing or potential material conflicts of interest between Silver Wheaton and any director or officer of Silver Wheaton, except that certain of the directors and officers serve as directors and officers of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officer of Silver Wheaton and their duties as a director or officer of such other companies. Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration, development and mining operations and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from attending the portion of the meeting dedicated to discussing any matter in which such directors may have a conflict of interest or voting on such matter in accordance with the procedures set forth in the *Business Corporations Act* (Ontario) and other applicable laws. See "Interest of Management and Others in Material Transactions".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described below and elsewhere in this annual information form, since January 1, 2009, no director, executive officer or 10% shareholder of the Company or any associate or affiliate of any such person or company, has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect the Company or any of its subsidiaries, except as follows:

(1) Each of Messrs. Bell and Holtby are directors of Goldcorp Inc. ("Goldcorp"), which is the owner of the Peñasquito mine and the Los Filos mine, and was the owner of the San Dimas mine until August 6, 2010;

(2) Mr. Nesmith is a director of Primero and holds a significant equity position in Primero, which is the owner of the San Dimas mine, and until March 15, 2012, Mr. Nesmith was the Executive Chairman of Primero;

(3) Mr. Luna is a director of Primero and holds a significant equity position in Primero, which is the owner of the San Dimas mine, and until November 30, 2011, Mr. Luna was the Executive Vice President and President, Mexico; and

(4) On August 6, 2010, Goldcorp completed the sale of the San Dimas mine to Primero. In conjunction with the sale, the Company amended its silver purchase agreement relating to the mine. The term of the silver purchase agreement, as it relates to San Dimas, has been extended to the life of mine. During the first four years following closing of the transaction, Primero will deliver to Silver Wheaton a per annum amount equal to the first 3.5 million ounces of payable silver produced at San Dimas and 50% of any excess, plus Silver Wheaton will receive an additional 1.5 million ounces of silver per annum to be delivered by Goldcorp. Beginning in the fifth year after closing, Primero will deliver to the Company a per annum amount equal to the first 6 million ounces of payable silver produced at San Dimas and 50% of any excess. Goldcorp will continue to guarantee the delivery by Primero of all silver produced and owing to the Company until 2029. Primero has provided Silver Wheaton with a right of first refusal on any metal stream or similar transaction it enters into.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is CIBC Mellon Trust Company ("CIBC Mellon") at its principal offices in Vancouver, British Columbia and Toronto, Ontario.

The warrant agent for the U.S. Dollar Warrants is CIBC Mellon at its principal offices in Vancouver, British Columbia and Toronto, Ontario.

MATERIAL CONTRACTS

The only material contracts entered into by the Company within the year ended December 31, 2011 or before such time that are still in effect, other than in the ordinary course of business, are as follows:

1. The San Dimas Silver Purchase Agreement referred to under the heading "General Development of the Business – Three Year History – San Dimas Transaction" in this annual information form;

2. The Yauliyacu Silver Purchase Agreement referred to under the heading "Description of the Business – Principal Product – Yauliyacu Mine" in this annual information form;

3. The Peñasquito Silver Purchase Agreement referred to under the heading "Description of the Business – Principal Product – Peñasquito Mine" in this annual information form;

4. The Pascua-Lama Silver Purchase Agreement referred to under the heading "General Development of the Business – Three Year History – Barrick Transaction" in this annual information form; and

5. The $600 million credit facility dated as of July 20, 2007, as amended, between the Company and the lenders.

Each of such contracts is available on SEDAR at www.sedar.com under the Company's profile.

INTERESTS OF EXPERTS

The following table sets out the individuals who are the qualified persons as defined by NI 43-101 in connection with the Mineral Reserve and Mineral Resource estimates for the Company's mineral projects on a property material to the Company set out opposite their name(s) and contained in this annual information form:

Mineral Property	Qualified Person(s)
San Dimas Mines	Velasquez Spring, P.Eng. (Senior Geologist, Watts, Griffis and McOuat Limited)
Yauliyacu Mine	Samuel Mah, M.A.Sc., P.Eng. (Director of Engineering, Silver Wheaton) (Mineral Reserves) Neil Burns, M.Sc., P.Geo. (Vice President, Technical Services, Silver Wheaton) (Mineral Resources)
Peñasquito Mine	Maryse Belanger P.Geo. (Vice President, Technical Services, Goldcorp Inc.)
Pascua-Lama Project	Dino Pilotto, P.Eng. (Principal Mining Consultant, SRK Consulting (Canada) Inc.) (Mineral Reserves) Bart A. Stryhas, Ph.D., CPG (Principal Resource Geologist, SRK Consulting (U.S.) Inc.) (Mineral Resources)

The following are the technical reports prepared in accordance with NI 43-101 from which certain technical information relating to the Company's mineral projects on a property material to the Company contained in this annual information form has been derived:

1. San Dimas Mines — Velasquez Spring, P.Eng., Senior Geologist and Gordon Watts, P.Eng., Senior Associate Mineral Economist, both of Watts, Griffis and McQuat Limited prepared a technical report in accordance with NI 43-101 entitled "Technical Report on the Tayoltita, Santa Rita and San Antonio Mines, Durango Mexico for Silver Wheaton Corp." dated March 14, 2011.

2. Yauliyacu Mine — Neil Burns, M.Sc., P.Geo., Vice President, Technical Services of the Company, and Samuel Mah, M.A.Sc., P.Eng., Director of Engineering of the Company, prepared a technical report in accordance with NI 43-101 entitled "2010 Resource and Reserve Update, Yauliyacu Mine, Peru" dated March 30, 2011.

3. Peñasquito Mine — Guillermo Pareja, Ph.D, P.Geo., Peter B. Nahan, AusIMM., and Maryse Belanger, P.Geo., all of Goldcorp Inc. prepared a technical report in accordance with NI 43-101 entitled "Peñasquito Polymetallic Operation, Zacatecas State, Mexico NI 43-101 Technical Report" dated effective December 31, 2010.

4. Pascua-Lama Project — Christopher Elliott, FAusIMM, George Even, MAusIMM, Dino Pilotto, P.Eng., Cameron Scott, P.Eng., and Bart Stryhas, P.Geo., all of SRK Consulting, and Edward McLean, FAusIMM, of Ausenco Services Pty. Ltd., prepared a technical report in accordance with NI 43-101 entitled "Amended NI 43-101 Technical Report, Pascua-Lama Project, Region III, Chile/San Juan Province, Argentina" dated effective September 9, 2009, and amended October 28, 2009.

Each of such reports are available on SEDAR at www.sedar.com under the Company's profile and a summary of such reports is contained in this annual information form under "Description of the Business – San Dimas Mines, Mexico, – Yauliyacu Mine, Peru, – Peñasquito Mine, Mexico, – Pascua-Lama Project, Border of Chile and Argentina", respectively.

The aforementioned firms or persons held either less than 1% or no securities of the Company or of any associate or affiliate of the Company when they prepared the reports, the mineral reserve estimates or the mineral resource estimates referred to above, or following the preparation of such reports or estimates and did not receive any direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company in connection with the preparation of such reports or estimates. None of the aforementioned persons are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company, other than Neil Burns and Sam Mah who are employees of the Company.

Deloitte & Touche LLP is the auditor of the Company and is independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

AUDIT COMMITTEE

The Company's Audit Committee is responsible for monitoring the Company's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Company's external auditors. The committee is also responsible for reviewing the Company's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full Board of Directors of the Company. The committee also has oversight responsibility for significant business, political, financial and control risks that the Company is exposed to, including a review of management's assessment of the likelihood and severity of those risks and any mitigation steps taken.

The Audit Committee's charter sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Company's Board of Directors. A copy of the charter is attached hereto as Schedule "A".

The current members of the Company's Audit Committee are John A. Brough (Chairman), George L. Brack and R. Peter Gillin. Each of Messrs. Brough, Brack and Gillin are independent and financially literate within the meaning of National Instrument 52-110 *Audit Committees* ("NI 52-110"). In addition to being independent directors as described above, all members of the Company's Audit Committee must meet an additional "independence" test under NI 52-110 in that their directors' fees are the only compensation they, or their firms, receive from the Company and that they are not affiliated with the Company.

The Audit Committee met five times in 2011. Each of Messrs. Brough, Gillin and Brack were present at all five meetings.

Relevant Education and Experience

See "Directors and Officers" for a description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member.

Pre-Approval Policies and Procedures

The Audit Committee's charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee pre-approval of permitted audit and audit-related services.

External Auditor Service Fees

Deloitte & Touche LLP, Independent Registered Chartered Accountants, were the auditors of the Company in 2011. Fees payable to Deloitte & Touche LLP in respect of services in 2010 and 2011 are detailed below:

($)	2010 (1)	2011 (1)
Audit Fees (2)	655,566	782,734
Audit-Related Fees	-	2,730
Tax Fees (3)	57,160	26,187
All Other Fees	18,196	70,773
TOTAL	730,922	882,424

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(1) Fees are paid in Canadian dollars and converted to United States dollars for reporting purposes in this table at the exchange rate of C$1.00 = US$0.9833 for the financial year ended December 31, 2011 and at the exchange rate of C$1.00 = US$1.0054 for the financial year ended December 31, 2010.

(2) Audit fees were paid for professional services rendered by the auditors for the audit of the Company's annual financial statements or services provided in connection with statutory and regulatory filings or engagements.

(3) Tax fees were paid for international tax planning, advice and compliance.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans will be contained in the management information circular of the Company to be prepared in connection with the Company's annual meeting of shareholders scheduled to be held on May 23, 2012 which will be available on SEDAR at www.sedar.com and EDGAR at www.sec.gov. Additional financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2011.

SCHEDULE "A"

SILVER WHEATON CORP.
AUDIT COMMITTEE CHARTER

I. PURPOSE

The Audit Committee is a committee of the Board of Directors (the "Board") of Silver Wheaton Corp. ("Silver Wheaton" or the "Company"). The primary function of the Audit Committee is to assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Company and the investment community. The external auditors will report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities are:

A. overseeing the integrity of the Company's financial statements and reviewing the financial reports and other financial information provided by the Company to any governmental body or the public and other relevant documents;

B. assisting the Board in oversight of the Company's compliance with legal and regulatory requirements;

C. recommending the appointment and reviewing and appraising the audit efforts of the Company's independent auditor, overseeing the non-audit services provided by the independent auditor, overseeing the independent auditor's qualifications and independence and providing an open avenue of communication among the independent auditor, financial and senior management and the Board of Directors;

D. assisting the Board in oversight of the performance of the Company's internal audit function;

E. serving as an independent and objective party to oversee and monitor the Company's financial reporting process and internal controls, the Company's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;

F. preparing Audit Committee report(s) as required by applicable regulators; and

G. encouraging continuous improvement of, and fostering adherence to, the Company's policies, procedures and practices at all levels.

II. COMPOSITION AND MEETINGS

A. The Committee shall operate under the guidelines applicable to all Board committees, which are located in Tab A-6, Board Guidelines.

B. The Audit Committee shall be comprised of at least three directors, all of whom are "independent" as such term is defined in the Board Guidelines (Tab A-8, Appendix).

C. In addition, unless otherwise authorized by the Board, no director shall be qualified to be a member of the Audit Committee if such director (i) is an "affiliated person", as defined in Schedule A, or (ii) receives (or his/her immediate family member or the entity for which such director is a director, member, partner or principal and which provides consulting, legal, investment banking, financial or other similar services to the Company), directly or indirectly, any consulting, advisory, or other compensation from the Company other than compensation for serving in his or her capacity as member of the Board and as a member of Board committees.

D. All members shall, to the satisfaction of the Board of Directors, be “financially literate” as defined in Schedule A, and at least one member shall have accounting or related financial management expertise to qualify as a “financial expert” as defined in Schedule A.

E. If a Committee member simultaneously serves on the audit committees of more than three public companies, the Committee shall seek the Board’s determination as to whether such simultaneous service would impair the ability of such member to effectively serve on the Company’s audit committee and ensure that such determination is disclosed.

F. The Committee shall meet at least four times annually, or more frequently as circumstances require. The Committee shall meet within 45 days following the end of each of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A and shall meet within 90 days following the end of the fiscal year end to review and discuss the audited financial results for the year and related MD&A prior to their publishing.

G. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their audit related duties, members of the Committee shall have full access to all corporate information and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and independent auditors of the Company.

H. As part of its job to foster open communication, the Committee should meet at least quarterly with management and the independent auditor in in-camera sessions, and as determined in the discretion of the Committee with the head of internal Audit, to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet with the independent auditor and management quarterly to review the Company’s financial statements.

I. Each of the Chairman of the Committee, members of the Committee, Chairman of the Board, independent auditors, Chief Executive Officer, Chief Financial Officer or Secretary shall be entitled to request that the Chairman of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

A. Create an agenda for the ensuing year.

B. Review and update this Charter at least annually, as conditions dictate.

C. Describe briefly in the Company’s annual report and more fully in the Company’s Management Information Circular the Committee’s composition and responsibilities and how they were discharged.

D. Documents/Reports Review

i) Review with management and the independent auditors, the Company’s interim and annual financial statements, management discussion and analysis, earnings releases and any reports or other financial information to be submitted to any governmental and/or regulatory body, or the public, including any certification, report, opinion, or review rendered by the independent auditor for the purpose of recommending their approval to the Board prior to their filing, issue or publication. The Chair of the Committee may represent the entire Committee for purposes of this review in circumstances where time does not allow the full Committee to be available.

ii) Review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

iii) Review the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements of the Company.

iv) Review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the independent auditor, based on terms of reference agreed upon by the independent auditor and the Audit Committee.

v) Review expenses of the Board Chair and CEO annually.

vi) Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the issuer's financial statements, as well as review any financial information and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures.

E. Independent Auditor

i) Recommend to the Board and approve the selection of the independent auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the independent auditor.

ii) Monitor the relationship between management and the independent auditor including reviewing any management letters or other reports of the independent auditor and discussing any material differences of opinion between management and the independent auditor.

iii) Review and discuss, on an annual basis, with the independent auditor all significant relationships they have with the Company to determine their independence and report to the Board of Directors.

iv) Review and approve requests for any non-audit services to be performed by the independent auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter and related fees. Pre-approval of non-audit services is satisfied if:

a) The aggregate amount of non-audit services not pre-approved expected to constitute no more than 5% of total fees paid by issuer and subsidiaries to external auditor during fiscal year in which the services are provided;

b) the Company or a subsidiary did not recognize services as non-audit at the time of the engagement; and

c) the services are promptly brought to Committee's attention and approved prior to completion of the audit.

v) Ensure disclosure of any specific policies or procedures adopted by the Committee to satisfy pre- approval requirements for non-audit services by the Company's external auditor.

vi) Review the relationship of non-audit fees to audit fees paid to the independent Auditor to ensure that auditor independence is maintained.

vii) Ensure that both the audit and non-audit fees are disclosed to shareholders by category.

viii) Review the performance of the independent auditor and approve any proposed discharge and replacement of the independent auditor when circumstances warrant. Consider with management and the independent auditor the rationale for employing accounting/auditing firms other than the principal independent auditor.

ix) At least annually, consult with the independent auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

x) Arrange for the independent auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditors report directly to the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.

xi) Oversee the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.

xii) Ensure that the independent auditors are prohibited from providing the following non-audit services and determining which other non-audit services the independent auditors are prohibited from providing:

a) bookkeeping or other services related to the accounting records or financial statements of the Company;

b) financial information systems design and implementation;

c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports;

d) actuarial services;

e) internal audit outsourcing services;

f) management functions or human resources;

g) broker or dealer, investment adviser or investment banking services;

h) legal services and expert services unrelated to the audit; and

i) any other services which the Public Company Accounting Oversight Board determines to be impermissible.

xiii) Approve any permissible non-audit engagements of the independent auditors, in accordance with applicable legislation.

F. Internal Auditors

i) Review the effectiveness and independence of the internal auditor function;

ii) Review and approve the scope of the proposed internal audit plan and ensure it addresses key areas of risk;

iii) Periodically review:

a) progress on the internal audit plan, including any significant changes to it;

b) significant internal audit findings, including issues relating to the adequacy of internal control over financial reporting;

c) any significant internal fraud issues; and

iv) Ensure the internal audit's significant findings and recommendations are received, discussed and appropriately acted upon by management.

G. Financial Reporting Processes

i) Periodically review the adequacy and effectiveness of the company's disclosure controls and procedures and the Company's internal control over financial reporting, including any significant deficiencies and significant changes in internal controls.

ii) Understand the scope of the independent auditor's examination and report on the Company's assessment of internal control over financial reporting and review and discuss significant findings and recommendations, together with management's responses.

iii) Consider the independent auditor's judgments about the quality and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices.

iv) Consider and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by management with the concurrence of the independent auditor and ensure that the accountants' reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

H. Process Improvement

i) Discuss with independent auditors (i) the auditors' internal quality-control procedures; and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues.

ii) Reviewing and approving hiring policies for employees or former employees of the past and present independent auditors.

iii) Establish regular and separate systems of reporting to the Audit Committee by each of management and the independent auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

iv) Review the scope and plans of the independent auditor's audit and reviews prior to the audit and reviews being conducted. The Committee may authorize the independent auditor to perform supplemental reviews or audits as the Committee may deem desirable.

v) Following completion of the annual audit and quarterly reviews, review separately with each of management and the independent auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the independent auditor received during the course of the audit and reviews.

vi) Review any significant disagreements among management and the independent auditor in connection with the preparation of the financial statements.

vii) Where there are significant unsettled issues the Committee shall ensure that there is an agreed course of action for the resolution of such matters.

viii) Review with the independent auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

ix) Review activities, organizational structure, and qualifications of the CFO and the staff in the financial reporting area and see to it that matters related to succession planning within the Company are raised for consideration at the full Board.

I. Ethical and Legal Compliance

i) Review management’s monitoring of the Company’s system in place to ensure that the Company’s financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.

ii) Review, with the Company’s counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the organization’s financial statements.

iii) Review implementation of compliance with the Sarbanes-Oxley Act, Ontario Securities Commission requirements and other legal requirements.

iv) Ensure that the CEO and CFO provide written certification with annual and interim financial statements and interim MD&A and the Annual Information Form.

J. Risk Management

i) Make inquires of management and the independent auditors to identify significant business, political, financial and control risks and exposures and assess the steps management has taken to minimize such risk to the Company.

ii) Ensure that the disclosure of the process followed by the Board and its committees, in the oversight of the Company’s management of principal business risks, is complete and fairly presented.

iii) Review management’s program of risk assessment and steps taken to manage these risks and exposures, including insurance coverage.

K. General

i) Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel, accountants and other professionals to assist it in the conduct of any investigation.

ii) The Committee may, from time to time, engage and set the compensation for outside consultants, advisors or other resources with the approval of the Board Chair in consultation with the CEO.

iii) The Company must provide funding for the Committee to pay ordinary administrative expenses that are necessary for the Committee to carry out its duties.

iv) Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

v) Ensure disclosure in the Annual Information Form if, at any time since the commencement of most recently completed financial year, the issuer has relied on any possible exemptions for Audit Committees.

vi) Perform any other activities consistent with this Charter, the Company's Articles and By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

IV. ACCOUNTABILITY

A. The Committee Chair has the responsibility to make periodic reports to the Board, as requested, on audit and financial matters relative to the Company.

B. The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.

C. The minutes of the Audit Committee should be filed with the Corporate Secretary.

APPENDIX ONE TO SCHEDULE "A"
SILVER WHEATON CORP. AUDIT COMMITTEE CHARTER

Affiliated Person under SEC Rules

An "affiliated person", in accordance with the rules of the United States Securities and Exchange Commission adopted pursuant to the *Sarbanes-Oxley Act*, means a person who directly or indirectly controls the Company, or a director, executive officer, partner, member, principal or designee of an entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company.

Financial Literacy Under Multilateral Instrument 52-110

"Financially literate", in accordance with MI 52-110, means that the director has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Financial Expert Under SEC Regulation S-K

A person will qualify as "financial expert" if he or she possesses the following attributes:

a) an understanding of financial statements and generally accepted accounting principles;

b) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;

d) an understanding of internal controls and procedures for financial reporting; and

e) an understanding of audit committee functions.

A person shall have acquired such attributes through:

a) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;

b) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;

c) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or

d) other relevant experience.

Item		CSA*	NYSE**	
Ensure that the CEO's Terms of Reference include responsibility to make annual and interim written affirmations regarding the Audit Committee, and ensure that such written affirmations are submitted as required.			√	
Disclose the text of the Audit Committee's charter.		√		
Disclose names of committee members and state whether or not each is (i) independent and (ii) financially literate. Describe each member's education and experience relevant to responsibilities.		√		
Disclosure whether, at any time since the commencement of most recently completed financial year, the Company has relied on any possible exemptions for Audit Committees.		√		
If, at any time since the commencement of the issuer's most recently completed financial year, a recommendation of the audit committee to nominate or compensate an external auditor was not adopted by the board of directors, state that fact and why.		√		
Disclose by category how much the auditor is paid for consulting and other services.		√		
Disclose any specific policies or procedures adopted by the Audit Committee for pre-approval of non-audit services by the external auditor.		√		
Prepare and disclose any Audit Committee reports required by applicable regulators.		√		

APPENDIX ONE TO SCHEDULE "A"
SILVER WHEATON CORP. AUDIT COMMITTEE CHARTER

Affiliated Person under SEC Rules

An "affiliated person", in accordance with the rules of the United States Securities and Exchange Commission adopted pursuant to the *Sarbanes-Oxley Act*, means a person who directly or indirectly controls the Company, or a director, executive officer, partner, member, principal or designee of an entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company.

Financial Literacy Under National Instrument 52-110

"Financially literate", in accordance with NI 52-110, means that the director has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Financial Expert Under SEC Regulation S-K

A person will qualify as "financial expert" if he or she possesses the following attributes:

f) an understanding of financial statements and generally accepted accounting principles;
g) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
h) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;
i) an understanding of internal controls and procedures for financial reporting; and
j) an understanding of audit committee functions.

A person shall have acquired such attributes through:

e) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
f) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
g) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
h) other relevant experience.

Management's Discussion and Analysis of Results of Operations and Financial Condition for the Year Ended December 31, 2011

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with Silver Wheaton Corp.'s ("Silver Wheaton" or the "Company") audited consolidated financial statements for the year ended December 31, 2011 and related notes thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). As the year ended December 31, 2011 represents the first year that the Company is presenting its results and financial position under IFRS, these financial statements were prepared in accordance with IFRS 1, First-time Adoption of IFRS ("IFRS 1"), as more fully described in Note 24 to the financial statements. This MD&A contains "forward looking" statements that are subject to risk factors set out in the cautionary note contained herein. All figures are presented in United States dollars unless otherwise noted. This MD&A has been prepared as of March 22, 2012.

Highlights

- Record attributable silver equivalent production for the three months and year ended December 31, 2011 of 6.9 million ounces (6.7 million ounces of silver and 3,900 ounces of gold) and 25.4 million ounces (24.6 million ounces of silver and 18,400 ounces of gold), respectively, representing an increase of 12% and 7% over the comparable periods in 2010.
- Record silver equivalent sales for the three months and year ended December 31, 2011 of 6.0 million ounces (5.8 million ounces of silver and 3,800 ounces of gold) and 21.1 million ounces (20.2 million ounces of silver and 18,300 ounces of gold), respectively, representing an increase of 6% and 3% over the comparable periods in 2010.
- Revenue for the three months and year ended December 31, 2011 of $191.9 million and $730.0 million, respectively, compared with $149.6 million and $423.4 million for the comparable periods in 2010, with revenue for the most recently completed year representing a record for the Company.
- Net earnings for the three months and year ended December 31, 2011 of $144.7 million ($0.41 per share) and $550.0 million ($1.56 per share), respectively, compared with adjusted net earnings[1] of $120.7 million ($0.35 per share) and $286.6 million ($0.83 per share) for the comparable periods in 2010, with net earnings for the most recently completed year representing a record for the Company.
- Operating cash flows for the three months and year ended December 31, 2011 of $163.7 million ($0.46 per share[2]) and $626.4 million ($1.77 per share[2]), respectively, compared with $124.7 million ($0.36 per share[2]) and $319.7 million ($0.93 per share[2]) for the comparable periods in 2010, with operating cash flows for the most recently completed year representing a record for the Company.
- Average cash costs[3] for the three months and year ended December 31, 2011 of $4.06 and $4.09 per silver equivalent ounce, respectively, compared with $4.02 and $4.04 per silver equivalent ounce for the comparable periods in 2010.
- Cash operating margin[4] for the three months and year ended December 31, 2011 of $28.06 per silver equivalent ounce and $30.56 per silver equivalent ounce, respectively, representing an increase of 25% and 84% over the comparable periods in 2010.
- As at December 31, 2011, approximately 4.1 million payable silver equivalent ounces attributable to the Company have been produced at the various mines and will be recognized in future sales as they are delivered to the Company under the terms of their contracts.

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1 Refer to discussion on non-IFRS measure (i) on page 19 of this MD&A.
2 Refer to discussion on non-IFRS measure (ii) on pages 19 and 20 of this MD&A.
3 Refer to discussion on non-IFRS measure (iii) on page 20 of this MD&A.
4 Refer to discussion on non-IFRS measure (iv) on pages 20 and 21 of this MD&A.

- On November 9, 2011, the Board of Directors adopted a new dividend policy linking quarterly dividend payments to operating cash flows in the prior quarter. Under the new dividend policy, the quarterly dividend per common share is equal to 20% of the cash generated by operating activities in the previous quarter divided by the Company's outstanding common shares at the time the dividend is approved, all rounded to the nearest cent. Based on operating cash flows generated by the Company during the three months ended December 31, 2011, a dividend of $0.09 per common share has been approved for shareholders of record on April 4, 2012.
- On December 20, 2011, the Company announced the appointment of Mr. Haytham Hodaly as Senior Vice President, Corporate Development, effective January 1, 2012.
- Barrick Gold Corporation's ("Barrick") world-class gold-silver Pascua-Lama project remains on track to commence production in mid-2013, with approximately 55% of the previously announced pre-production capital budget of $4.7 to $5.0 billion committed. At the end of the fourth quarter, earthworks in Chile and Argentina were approximately 95% and 65% complete, respectively. Once in production, Pascua-Lama is forecast to be one of the largest and lowest cost gold mines in the world with an expected mine life in excess of 25 years. In its first full five years of operation, Silver Wheaton's attributable silver production is expected to average nine million ounces annually.

Overview

Silver Wheaton Corp. is a mining company which generates its revenue primarily from the sale of silver. The Company is listed on the New York Stock Exchange and the Toronto Stock Exchange and trades under the symbol SLW. In addition, the Company has share purchase warrants that are listed on the Toronto Stock Exchange and trade under the symbol SLW.WT.U.

To date, the Company has entered into 14 long-term silver purchase agreements and two long-term precious metal purchase agreements, relating to 19 different mining assets, whereby Silver Wheaton acquires silver and gold production from the counterparties for a per ounce cash payment at or below the prevailing market price. Attributable silver and gold as referred to in this MD&A and financial statements is the silver and gold production to which Silver Wheaton is entitled pursuant to the various purchase agreements. During the year ended December 31, 2011, the per ounce price paid by the Company for silver and gold under the agreements averaged $3.99 and $300, respectively. The primary drivers of the Company's financial results are the volume of silver production at the various mines and the price of silver realized by Silver Wheaton upon sale.

Outlook

Silver Wheaton is the largest silver streaming company in the world. Based upon its current agreements, forecast 2012 attributable production is approximately 27 million silver equivalent ounces, including 16,500 ounces of gold. By 2016, annual attributable production is anticipated to increase significantly to approximately 43 million silver equivalent ounces, including 35,000 ounces of gold. This growth is driven by the Company's portfolio of world-class assets, including silver streams on Goldcorp Inc.'s Peñasquito mine and Barrick's Pascua-Lama project.

At December 31, 2011, the Company had approximately $840 million of cash on hand and $400 million of available credit under its revolving bank debt facility. This cash and available credit, together with strong operating cash flows, positions the Company well to execute on its growth strategy of acquiring additional accretive silver and precious metal stream interests.

Silver and Gold Interests

The following table summarizes the silver and gold interests currently owned by the Company:

Silver and Gold Interests	Owner	Location of Mine	Upfront Consideration [1]	Attributable Production to be Purchased Silver	Attributable Production to be Purchased Gold	Term of Agreement	Date of Contract
San Dimas	Primero [2]	Mexico	$ 189,799[3]	100% [2]	-	Life of Mine	15-Oct-04
Zinkgruvan	Lundin	Sweden	$ 77,866	100%	-	Life of Mine	8-Dec-04
Yauliyacu	Glencore	Peru	$ 285,000	100% [4]	-	20 years	23-Mar-06
Peñasquito	Goldcorp	Mexico	$ 485,000	25%	-	Life of Mine	24-Jul-07
Minto	Capstone	Canada	$ 55,296[5]	100%	100% [6]	Life of Mine	1-Dec-08
Cozamin	Capstone	Mexico	$ 41,959[5]	100%	-	10 years	4-Apr-07
Barrick			$ 625,000[7]				
Pascua-Lama	Barrick	Chile/Argentina		25%	-	Life of Mine	8-Sep-09
Lagunas Norte	Barrick	Peru		100%	-	4 years [8]	8-Sep-09
Pierina	Barrick	Peru		100%	-	4 years [8]	8-Sep-09
Veladero	Barrick	Argentina		100% [9]	-	4 years [8]	8-Sep-09
Other			$ 544,303				
Los Filos	Goldcorp	Mexico	$ 4,463[3]	100%	-	25 years	15-Oct-04
Stratoni	Eldorado Gold [10]	Greece	$ 57,500	100%	-	Life of Mine	23-Apr-07
Neves-Corvo	Lundin	Portugal	$ 35,350[5]	100%	-	50 years	5-Jun-07
Aljustrel	I'M SGPS	Portugal	$ 2,451[5]	100%	-	50 years	5-Jun-07
Mineral Park	Mercator	United States	$ 42,000	100%	-	Life of Mine	17-Mar-08
Campo Morado	Nyrstar NV	Mexico	$ 79,250	75%	-	Life of Mine	13-May-08
Keno Hill	Alexco	Canada	$ 50,000	25%	-	Life of Mine	2-Oct-08
Rosemont	Augusta	United States	$ 230,000[11]	100%	100%	Life of Mine	11-Feb-10
Loma de La Plata	Pan American	Argentina	$ 43,289[12]	12.5%	-	Life of Mine	n/a [13]

1) Expressed in United States dollars, rounded to the nearest thousand; excludes closing costs and capitalized interest, where applicable.
2) Until August 6, 2014, Primero will deliver to Silver Wheaton a per annum amount equal to the first 3.5 million ounces of payable silver produced at San Dimas and 50% of any excess, plus Silver Wheaton will receive an additional 1.5 million ounces of silver per annum to be delivered by Goldcorp. After August 6, 2014, Primero will deliver a per annum amount to Silver Wheaton equal to the first 6 million ounces of payable silver produced at San Dimas and 50% of any excess.
3) As more fully described in the San Dimas section on page 3 of this MD&A, on August 6, 2010, Goldcorp completed the sale of the San Dimas mine, which was part of the Luismin mining operations ("Luismin"), to Primero. The original cost of Luismin was allocated to San Dimas and Los Filos based on the estimated fair values of these silver interests as at August 6, 2010.
4) To a maximum of 4.75 million ounces per annum. In the event that silver produced at Yauliyacu in any year totals less than 4.75 million ounces, the amount sold to Silver Wheaton in subsequent years will be increased to make up for the shortfall, so long as production allows.
5) Primarily comprised of the value allocated to the silver and gold interest upon the Company's acquisition of Silverstone Resources Corp., which was closed on May 21, 2009 (the "Silverstone Acquisition").
6) The Company is entitled to acquire 100% of the first 30,000 ounces of gold produced per annum and 50% thereafter.
7) As more fully described in Note 11 to the financial statements, Silver Wheaton will make total upfront cash payments of $625 million payable in installments, of which $487.5 million has been paid to date. The remaining $137.5 million is payable on the third anniversary of the transaction. The financial liability relating to these future payments has been discounted using an annual discount rate of 6.9%, which represents management's best estimate of the market rate of interest at which the Company could borrow money under similar terms and conditions at the time the agreement was entered into.
8) Barrick will deliver to Silver Wheaton silver production from the currently producing mines until December 31, 2013. In addition, during 2014 and 2015, Silver Wheaton will be entitled to all or a portion of the silver production from these mines to the extent of any production shortfall relative to the production guarantee levels at Pascua-Lama, until Barrick satisfies the completion guarantee.
9) Silver Wheaton's attributable silver production is subject to a maximum of 8% of the silver contained in the ore mined at Veladero during the period.
10) 95% owned by Eldorado Gold Corporation.
11) Payable on an installment basis to partially fund construction of the Rosemont mine once certain milestones are achieved, including the receipt of key permits and securing the necessary financing to complete construction of the mine.
12) Comprised of $10.9 million allocated to the silver interest upon the Silverstone Acquisition in addition to $32.4 million, the payment of which is contingent upon the satisfaction of certain conditions, including Pan American receiving all necessary permits to proceed with the mine construction.
13) Definitive terms of the agreement are in the process of being finalized.

San Dimas

On October 15, 2004, the Company entered into an agreement with Goldcorp Inc. ("Goldcorp") to acquire an amount equal to 100% of the silver produced by Goldcorp's Luismin mining operations in Mexico (owned at the date of the transaction) for a period of 25 years. The Luismin mining operations consisted primarily of the San Dimas and the Los Filos mines.

On August 6, 2010, Goldcorp completed the sale of the San Dimas mine to Primero Mining Corp. ("Primero"). In conjunction with the sale, Silver Wheaton amended its silver purchase agreement relating to the mine. The term of the agreement, as it relates to San Dimas, was extended to the life of mine. During the first four years following the closing of the transaction, Primero will deliver to Silver Wheaton a per annum amount equal to the first 3.5 million ounces of payable silver produced at San Dimas and 50% of any excess, plus Silver Wheaton will receive an additional 1.5 million ounces of silver per annum to be delivered by Goldcorp. Beginning in the fifth year after closing, Primero will deliver a per annum amount to Silver Wheaton equal to the first 6 million ounces of payable silver produced at San Dimas and 50% of any excess. Goldcorp will continue to guarantee the delivery by Primero of all silver produced and owing to the Company until 2029. Primero has provided Silver Wheaton with a right of first refusal on any metal stream or similar transaction it enters into. During the year ended December 31, 2011, San Dimas produced approximately 1.1 million ounces of payable silver in excess of the 3.5 million ounce threshold, of which Silver Wheaton received 50%.

As of December 31, 2011, the Company has received approximately 45 million ounces of silver related to San Dimas under the agreement, generating cumulative operating cash flows of $520 million. As at December 31, 2010, the San Dimas mine had proven and probable reserves of 62.9 million ounces of silver and inferred resources of 178.7 million ounces of silver (as described in the Attributable Reserves and Resources section of this MD&A).

As per Primero's press release on January 17, 2012, Primero is undertaking a review of the reserve and resource estimation methods currently, and historically, used at San Dimas in order to determine whether other estimation methods might be used to improve predictability of operating results and, therefore, assist long term planning. While the results of this review are not currently known, the adoption of any new estimation methods may result in Silver Wheaton reporting different and potentially lower total mineral reserve and total mineral resource numbers. Primero also states in their press release that it is not expected that any potential change in estimates will change the level of confidence Primero has in the ultimate mineral potential of San Dimas and that the review of estimation methodology is being driven by a desire to determine if greater operating predictability and improved mine planning can be achieved.

Zinkgruvan

On December 8, 2004, the Company entered into an agreement with Lundin Mining Corporation ("Lundin") to acquire 100% of the silver produced by Lundin's Zinkgruvan mining operations in Sweden for the life of mine.

As of December 31, 2011, the Company has received 12 million ounces of silver related to the Zinkgruvan mine under the agreement, generating cumulative operating cash flows of $152 million. As at June 30, 2011, Zinkgruvan had proven and probable silver reserves of 34.8 million ounces, measured and indicated silver resources of 17.4 million ounces and inferred silver resources of 13.3 million ounces (as described in the Attributable Reserves and Resources section of this MD&A).

Yauliyacu

On March 23, 2006, the Company entered into an agreement with Glencore International AG ("Glencore") to acquire an amount equal to 100% of the silver produced from Glencore's Yauliyacu mining operations in Peru, up to a maximum of 4.75 million ounces per year, for a period of 20 years. In the event that silver produced at Yauliyacu in any year totals less than 4.75 million ounces, the amount sold to Silver Wheaton in subsequent years will be increased to make up for the shortfall, to the extent production allows. The cumulative shortfall as at March 23, 2011, representing the five year anniversary, was 9.8 million ounces. During the term of the agreement, Silver Wheaton has a right of first refusal on any future sales of silver streams from the Yauliyacu mine and a right of first offer on future sales of silver streams from any other mine owned by Glencore at the time of the initial transaction.

Since mid 2009, concentrate shipments from the Yauliyacu mine have been affected by the shut-down of the Doe Run Peru La Oroya smelter, the largest buyer of the bulk concentrate produced at the mine. Since that time, alternative smelting arrangements have been made by Glencore for a portion of the stockpiled bulk concentrates at Yauliyacu, leading to an inconsistent delivery schedule and delaying the eventual complete reduction of this bulk concentrate. In the second quarter of 2011, Glencore began producing separate, and more marketable, copper and lead concentrates, replacing the bulk concentrate. The consistency and quantity of these new concentrates has now stabilized, with more consistent silver deliveries to Silver Wheaton from the copper concentrates expected in future quarters. Discussions between Glencore and prospective offtakers for the new lead concentrates are ongoing, and until such offtake agreements are established, sales of lead concentrates will continue to have an inconsistent delivery schedule. As at December 31, 2011, approximately 1.7 million ounces of cumulative payable silver equivalent ounces have been produced at Yauliyacu but not yet delivered to the Company. Approximately 0.3 million ounces is attributable to the bulk concentrate, while 1.4 million ounces is attributable to the new copper and lead concentrates.

As of December 31, 2011, the Company has received 15 million ounces of silver related to the Yauliyacu mine under the agreement, generating cumulative operating cash flows of $186 million. As at June 30, 2011, Yauliyacu had proven and probable silver reserves of 12.4 million ounces, measured and indicated silver resources of 40.3 million ounces and inferred silver resources of 72.7 million ounces (as described in the Attributable Reserves and Resources section of this MD&A).

Peñasquito

On July 24, 2007, the Company entered into an agreement with Goldcorp to acquire an amount equal to 25% of the silver produced from Goldcorp's Peñasquito mining operations in Mexico for the life of mine.

As stated in Goldcorp's press release dated February 15, 2012, throughput from the two 50,000 tonne-per-day capacity semi-autogenous grinding lines averaged 93,700 tonnes per day during the fourth quarter and 107,000 tonnes per day in December. Key projects including the high pressure grinding roll supplemental feed system and the tailings dam height increase, were completed in January 2012, and the mine is on track to achieve target throughput levels by the end of the first quarter of 2012. Peñasquito will become Silver Wheaton's largest contributor of silver production in 2012, with forecast attributable silver production of approximately 7 million ounces.

As of December 31, 2011, the Company has received 8 million ounces of silver related to the Peñasquito mine under the agreement, generating cumulative operating cash flows of $188 million. As at December 31, 2011, the Company's 25% share of the Peñasquito proven and probable silver reserves was 240.1 million ounces, measured and indicated silver resources was 66.4 million ounces and inferred silver resources was 11.1 million ounces (as described in the Attributable Reserves and Resources section of this MD&A).

Minto

On May 21, 2009, the Company completed the acquisition of Silverstone Resources Corp. (the "Silverstone Acquisition"). As part of the Silverstone Acquisition, the Company acquired a precious metal purchase agreement with Capstone Mining Corp. ("Capstone") to acquire 100% of the silver and gold produced (subject to certain thresholds) from Capstone's Minto mine in Canada for the life of mine. The Company is entitled to acquire 100% of all the silver produced and 100% of the first 30,000 ounces of gold produced per annum and 50% thereafter. The silver production, sales and related costs associated with this agreement are reflected in this MD&A and financial statements as part of Other mines.

As of December 31, 2011, the Company has received in excess of 0.4 million ounces of silver and 61,000 ounces of gold related to the Minto mine under the agreement, generating cumulative operating cash flows of $69 million. As at December 31, 2010, Minto had proven and probable reserves of 2.1 million ounces of silver and 250,000 ounces of gold, measured and indicated resources of 2.4 million ounces of silver and 230,000 ounces of gold and inferred resources of 0.5 million ounces of silver and 50,000 ounces of gold (as described in the Attributable Reserves and Resources section of this MD&A).

Cozamin

As part of the Silverstone Acquisition, the Company acquired a silver purchase agreement with Capstone to acquire 100% of the silver produced from Capstone's Cozamin mine in Mexico for a period of 10 years, commencing on April 4, 2007.

As per Capstone's January 17, 2012 disclosure, the Cozamin mine achieved record throughput levels in the fourth quarter of over 3,300 tonnes per day. Milled ore grade in the quarter also increased with full production attained from the higher grade Avoca area. As a result, the mine achieved record silver production for both the three months and year ended December 31, 2011.

As of December 31, 2011, the Company has received approximately 4 million ounces of silver related to the Cozamin mine under the agreement, generating cumulative operating cash flows of $76 million. As at December 31, 2009, Cozamin had proven and probable silver reserves of 17.4 million ounces, measured and indicated silver resources of 3.3 million ounces and inferred silver resources of 5.7 million ounces (as described in the Attributable Reserves and Resources section of this MD&A).

Barrick

On September 8, 2009, the Company entered into an agreement with Barrick Gold Corporation ("Barrick") to acquire an amount equal to 25% of the life of mine silver production from its Pascua-Lama project, as well as 100% of the silver production from its Lagunas Norte, Pierina and Veladero[1] mines (the "Barrick mines") until the end of 2013. Silver Wheaton will make total upfront cash payments of $625 million, of which $487.5 million has been paid to date. The remaining $137.5 million is due on the third anniversary of the transaction.

Barrick has provided Silver Wheaton with a completion guarantee, requiring Barrick to complete Pascua-Lama to at least 75% of design capacity by December 31, 2015. During 2014 and 2015, Silver Wheaton will be entitled to the silver production from the currently producing mines to the extent of any production shortfall at Pascua-Lama, until Barrick satisfies the completion guarantee. If the requirements of the completion guarantee have not been satisfied by December 31, 2015, the agreement may be terminated by Silver Wheaton. In such an event, Silver Wheaton will be entitled to the return of the upfront cash consideration of $625 million less a credit for silver delivered up to the date of that event.

As stated by Barrick in its 2011 year end MD&A, the Pascua-Lama project remains on track to commence production in mid-2013, with over 55% of the previously announced pre-production capital budget of $4.7 to $5.0 billion committed. At the end of the fourth quarter, earthworks in Chile and Argentina were approximately 95% and 65% complete, respectively. Once in production, Pascua-Lama is forecast to be one of the largest and lowest cost gold mines in the world with an expected mine life in excess of 25 years. In its first full five years of operation, Silver Wheaton's attributable silver production is expected to average nine million ounces annually.

In November 2010, Argentina passed a federal glacier protection law that bans new mining exploration and exploitation activities on glaciers and in the "peri-glacial" environment, and subjects ongoing mining activities to an environmental audit. If such an audit identifies significant impacts on glaciers and the peri-glacial environment, the relevant authority is empowered to take action, which, according to the legislation, could include the suspension or relocation of activity. Barrick states in its 2011 year end MD&A that it complies with provincial glacier protection legislation previously adopted by the Province of San Juan. In November 2010, as a result of legal actions brought against the National State by local unions, San Juan based mining and construction chambers and certain Barrick subsidiaries (and subsequently the Province of San Juan), the Federal Court in the Province of San Juan granted injunctions based on the unconstitutionality of the federal legislation, suspending the application of the federal legislation in the Province of San Juan and in particular as against Veladero and Pascua-Lama. The actions have been moved to the National Supreme Court of Justice of Argentina to determine the constitutionality of the legislation. As stated by Barrick in its 2011 year end MD&A, the National Supreme Court of Justice of Argentina issued a decision that this case falls within its jurisdiction. The National State filed a remedy seeking revocation of the November 2010 injunction granted by the Federal Court in the Province of San Juan, which Barrick answered in June 2011.

As of December 31, 2011, the Company has received in excess of 6 million ounces of silver related to the Barrick mines under the agreement, generating cumulative operating cash flows of $142 million. As at December 31, 2011, the Company's 25% share of the Pascua-Lama proven and probable silver reserves was 169.1 million ounces, measured and indicated silver resources was 46.3 million ounces and inferred silver resources was 4.0 million ounces (as described in the Attributable Reserves and Resources section of this MD&A). In addition, the Company's estimated share of the silver resources contained in the Lagunas Norte, Pierina, and Veladero mines is 40.2 million ounces of proven and probable silver reserves.

Other

Other silver and gold interests consist of the following:

i. As part of the agreement with Goldcorp to acquire silver from the Luismin mining operations, on October 15, 2004, the Company entered into an agreement with Goldcorp to acquire 100% of the silver production from its Los Filos mine in Mexico for a period of 25 years, commencing October 15, 2004. In addition, pursuant to Goldcorp's sale of the San Dimas mine, Goldcorp is obligated to deliver to Silver Wheaton 1.5 million ounces of silver per year until August 6, 2014, which is reflected in this MD&A and financial statements as part of the silver production and sales relating to San Dimas;

[1] Silver Wheaton's attributable silver production is subject to a maximum of 8% of the silver contained in the ore mined at Veladero during the period.

ii. On April 23, 2007, the Company entered into an agreement with Hellas Gold S.A., a subsidiary of European Goldfields Limited ("European Goldfields"), to acquire 100% of the life of mine silver production from its 95% owned Stratoni mine in Greece. On February 24, 2012, European Goldfields announced that it had completed the plan of arrangement with Eldorado Gold Corporation ("Eldorado") whereby Eldorado acquired all of the issued and outstanding shares of European Goldfields. This transaction will have no significant effect on Silver Wheaton's Stratoni silver purchase agreement;

iii. As part of the Silverstone Acquisition, the Company acquired an agreement with Lundin to acquire 100% of the silver production from its Neves-Corvo mine in Portugal for a period of 50 years, commencing June 5, 2007;

iv. As part of the Silverstone Acquisition, the Company acquired an agreement with I'M SGPS to acquire 100% of the silver production from its Aljustrel mine in Portugal for a period of 50 years, commencing June 5, 2007;

v. On March 17, 2008, the Company entered into an agreement with Mercator Minerals Ltd. ("Mercator") to acquire an amount equal to 100% of the life of mine silver production from its Mineral Park mine in the United States. As per Mercator's January 16, 2012 press release, the fourth quarter of 2011 represented the first full quarter of production since the completion of the Phase II mill expansion to 50,000 tons per day at its Mineral Park mine. As a result, the mine achieved record production for both the three months and year ended December 31, 2011;

vi. On May 13, 2008, the Company entered into an agreement with Farallon Mining Ltd., which was acquired by Nyrstar NV on January 5, 2011, to acquire an amount equal to 75% of the life of mine silver production from its Campo Morado mine in Mexico;

vii. On October 2, 2008, the Company entered into an agreement with Alexco Resource Corp. ("Alexco") to acquire an amount equal to 25% of the life of mine silver production from its Keno Hill silver district in Canada, including the currently producing Bellekeno mine. As per Alexco's January 23, 2012 disclosure, the Bellekeno mine completed its first full year of operations, having declared commercial production in January of 2011. The mine demonstrated steadily increasing silver production over the course of the year, culminating in record fourth quarter production as the mine approached initial design throughput levels of 250 tonnes per day;

viii. On February 11, 2010, the Company entered into an agreement with Augusta Resource Corporation ("Augusta") to acquire an amount equal to 100% of the life of mine silver and gold production from the Rosemont Copper project in the United States; and

ix. As part of the Silverstone Acquisition, the Company acquired an agreement with Aquiline Resources Inc., which was acquired by Pan American Silver Corp. ("Pan American") on December 22, 2009, to acquire an amount equal to 12.5% of the life of mine silver production from the Loma de La Plata zone of the Navidad project in Argentina, the definitive terms of which are in the process of being finalized.

As of December 31, 2011, the Company has received in excess of 11 million ounces of silver under these agreements, generating cumulative operating cash flows of $204 million.

As at December 31, 2011, unless otherwise noted[1], Other silver and gold interests had proven and probable silver reserves of 257.6 million ounces, measured and indicated silver resources of 277.4 million ounces and inferred silver resources of 191.9 million ounces (as described in the Attributable Reserves and Resources section of this MD&A).

[1] Mineral reserves and mineral resources are reported as of December 31, 2011, other than as disclosed in footnote 6 to the Attributable Reserves and Resources tables on page 34 of this MD&A.

Long-Term Investments

The Company will from time to time invest in securities of publicly listed mining companies for strategic purposes. The Company held the following investments as at December 31, 2011:

(in thousands)	**December 31 2011**	December 31 2010	January 1 2010
Common shares held	$ 149,039	$ 278,748	$ 72,502
Warrants held	2,582	5,700	1,245
	$ 151,621	$ 284,448	$ 73,747

Common Shares Held

(in thousands)	**Dec 31 2011** Fair Value	**Three Months Ended Dec 31 2011** Fair Value Adjustment Gains (Losses) Included in OCI	**Year Ended Dec 31 2011** Fair Value Adjustment Gains (Losses) Included in OCI	**Year Ended Dec 31 2011** Realized Gain on Disposal
Bear Creek	$ 46,171	$ (4,389)	$ (80,524)	$ -
Revett	23,793	4,092	(1,043)	-
Sabina	44,177	11,067	(21,817)	-
Other	34,898	(78)	(15,730)	4,532
	$ 149,039	$ 10,692	$ (119,114)	$ 4,532

(in thousands)	**Dec 31 2010** Fair Value	**Three Months Ended Dec 31 2010** Fair Value Adjustment Gains Included in OCI	**Year Ended Dec 31 2010** Fair Value Adjustment Gains Included in OCI	**Year Ended Dec 31 2010** Realized Loss on Disposal	Jan 1 2010 Fair Value
Bear Creek	$ 126,695	$ 47,179	$ 69,578	$ -	$ 38,232
Revett	24,836	12,599	16,682	-	5,815
Sabina	65,993	13,242	39,827	-	9,241
Other	61,224	21,107	20,256	(171)	19,214
	$ 278,748	$ 94,127	$ 146,343	$ (171)	$ 72,502

Warrants Held

(in thousands)	Dec 31 2011 Fair Value	Three Months Ended Dec 31 2011 Fair Value Adjustment Gains (Losses) Included in Net Earnings	Year Ended Dec 31 2011 Fair Value Adjustment Gains (Losses) Included in Net Earnings	Year Ended Dec 31 2011 Realized Loss on Disposal
Revett	$ 741	$ 188	$ (55)	$ -
Other	1,841	74	(3,063)	(16)
	$ 2,582	$ 262	$ (3,118)	$ (16)

(in thousands)	Dec 31 2010 Fair Value	Three Months Ended Dec 31 2010 Fair Value Adjustment Gains (Losses) Included in Net Earnings	Year Ended Dec 31 2010 Fair Value Adjustment Gains (Losses) Included in Net Earnings	Jan 1 2010 Fair Value
Revett	$ 796	$ 568	$ 948	$ 282
Sabina	-	(1,085)	6,368	75
Other	4,904	3,142	3,403	888
	$ 5,700	$ 2,625	$ 10,719	$ 1,245

The Company's long-term investments in common shares held are not "held for trading". Instead, they are held for long-term strategic purposes. Upon the application of IFRS 9, Financial Instruments, the Company has chosen to designate these long-term investments in common shares held as financial assets with fair value adjustments being recorded as a component of other comprehensive income as it believes that this provides a more meaningful presentation for long-term strategic investments, rather than reflecting changes in fair value as a component of net earnings.

While long-term investments in warrants held are also held for long-term strategic purposes, they meet the definition of a derivative and therefore are classified as financial assets with fair value adjustments being recorded as a component of net earnings under the classification Other Expense (Income). Warrants that are not listed on a stock exchange have been valued using a Black-Scholes option pricing model.

Bear Creek

At December 31, 2011, Silver Wheaton owned approximately 13.3 million (2010 – 13.3 million) common shares of Bear Creek Mining Corporation ("Bear Creek"), representing approximately 14% (2010 – 14%) of the outstanding shares of Bear Creek. At December 31, 2011, the fair value of the Company's investment in Bear Creek was $46.2 million (2010 - $126.7 million).

During the year ended December 31, 2011, the value of the Company's investment in Bear Creek declined by approximately $80.5 million. The value of this investment was adversely affected by an action by the Peruvian government relating to Bear Creek's title over the mineral concessions covering the Santa Ana project. While the Santa Ana project remains an important asset for Bear Creek, Silver Wheaton's strategic focus related to its investment in Bear Creek is the Corani project, which is proceeding towards permitting and construction.

During the year ended December 31, 2010, the Company acquired, by way of private placement, 3.0 million common shares of Bear Creek at a price of Cdn$6.40 per share, for total consideration of Cdn$19.1 million.

Revett

At December 31, 2011, Silver Wheaton owned 5.0 million (2010 – 5.0 million) common shares and common share purchase warrants exercisable to acquire an additional 0.2 million (2010 – 0.2 million) common shares of Revett Minerals Inc. ("Revett"), representing approximately 16% (2010 – 16%) of the outstanding shares of Revett. At December 31, 2011, the fair value of the Company's investment in Revett was $24.5 million (2010 - $25.6 million).

During the year ended December 31, 2010, the Company acquired 7.3 million common shares and 1.2 million common share purchase warrants of Revett for $1.9 million. On November 17, 2010, Revett announced a share consolidation (reverse stock split) of common shares on a one for five basis, effective November 19, 2010.

Sabina

At December 31, 2011, Silver Wheaton owned 11.7 million (2010 – 11.7 million) common shares of Sabina Gold & Silver Corp. ("Sabina"), representing approximately 7% (2010 – 7%) of the outstanding shares of Sabina. At December 31, 2011, the fair value of the Company's investment in Sabina was $44.2 million (2010 - $66.0 million).

During the year ended December 31, 2010, the Company exercised 3.9 million common share purchase warrants of Sabina with an exercise price of Cdn$2.75 per warrant for total consideration of Cdn$10.7 million ($10.5 million), resulting in the acquisition of 3.9 million common shares of Sabina.

Other

At December 31, 2011, Silver Wheaton owned common shares and common share purchase warrants of several publicly traded mineral exploration, development and mining companies. As Silver Wheaton's investment represents less than 10% of the outstanding shares of each of the respective companies and is not considered material to Silver Wheaton's overall financial position, these investments have been reflected in this MD&A and financial statements as part of Other long-term investments.

During the year ended December 31, 2011, the Company acquired, by way of private placement, 10 million common shares of Wildcat Silver Corporation for total consideration of Cdn$13.0 million ($13.7 million). In addition, Silver Wheaton sold its investment of 1.8 million common shares of Ventana Gold Corp. ("Ventana") for proceeds of Cdn$23.5 million ($24.3 million) after the successful acquisition of Ventana by AUX Canada, resulting in a realized gain of $4.5 million.

During the year ended December 31, 2010 the Company acquired, by way of private placement, 1.8 million common shares of Ventana for total consideration of Cdn$20.7 million ($19.8 million).

At December 31, 2011, the fair value of the Other long-term investments was $36.7 million (2010 - $66.1 million).

Summarized Financial Results

	Year Ended December 31		
	2011 IFRS [1]	2010 IFRS [1]	2009 GAAP [1]
Silver equivalent production [2]			
Attributable silver ounces produced (000's)	24,557	21,984	16,263
Attributable gold ounces produced	18,436	28,795	18,021
Attributable silver equivalent ounces produced (000's) [2]	25,374	23,758	17,395
Silver equivalent sales [2]			
Silver ounces sold (000's)	20,247	18,878	14,744
Gold ounces sold	18,256	25,884	17,132
Silver equivalent ounces sold (000's) [2]	21,069	20,483	15,823
Average realized price ($'s per ounce)			
Average realized silver price	$ 34.60	$ 20.75	$ 15.02
Average realized gold price	$ 1,609	$ 1,224	$ 1,042
Average realized silver equivalent price [2]	$ 34.65	$ 20.67	$ 15.13
Average cash cost ($'s per ounce)[3]			
Average silver cash cost	$ 3.99	$ 3.97	$ 3.97
Average gold cash cost	$ 300	$ 300	$ 300
Average silver equivalent cash cost [2]	$ 4.09	$ 4.04	$ 4.03
Total revenue ($000's)	$ 729,997	$ 423,353	$ 239,293
Net earnings	$ 550,028	$ 153,381	$ 117,924
Add back - loss on fair value adjustment of Canadian dollar share purchase warrants issued	-	133,210	-
Adjusted net earnings [4] ($000's)	$ 550,028	$ 286,591	$ 117,924
Earnings per share			
Basic	$ 1.56	$ 0.45	$ 0.39
Diluted	$ 1.55	$ 0.44	$ 0.38
Adjusted earnings per share [4]			
Basic	$ 1.56	$ 0.83	$ 0.39
Diluted	$ 1.55	$ 0.83	$ 0.38
Cash flow from operations ($000's)	$ 626,427	$ 319,726	$ 165,932
Dividends			
Dividends paid	$ 63,612	$ -	$ -
Dividends paid per share	$ 0.18	$ 0.00	$ 0.00
Total assets ($000's)	$ 2,872,335	$ 2,635,383	$ 2,237,224
Total non-current financial liabilities ($000's)	$ 50,060	$ 200,966	$ 343,976
Shareholders' equity ($000's)	$ 2,654,217	$ 2,261,949	$ 1,723,925

1) 2011 and 2010 figures presented in accordance with IFRS. 2009 figures presented in accordance with Canadian Generally Accepted Accounting Principles ("Cdn GAAP" or "GAAP"). Certain comparative figures have been reclassified to conform to the presentation adopted in 2011.
2) Gold ounces produced and sold are converted to a silver equivalent basis on the ratio of the average silver price received to the average gold price received during the period from the assets that produce both gold and silver.
3) Refer to discussion on non-IFRS measure (iii) on page 20 of this MD&A.
4) Refer to discussion on non-IFRS measure (i) on page 19 of this MD&A.

Summary of Ounces Produced and Sold

(in thousands)	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1
Silver ounces produced [1]								
San Dimas [2]	1,578	1,251	1,150	1,606	1,586	1,255	1,110	1,206
Zinkgruvan	390	379	414	508	428	508	478	387
Yauliyacu	583	608	674	683	651	633	692	737
Peñasquito	1,633	1,162	1,282	1,207	1,260	1,109	866	557
Cozamin	433	395	414	325	335	381	286	401
Barrick [3]	723	794	741	722	458	682	697	780
Other [4]	1,389	1,272	1,153	1,088	1,245	1,069	1,240	947
	6,729	5,861	5,828	6,139	5,963	5,637	5,369	5,015
Silver equivalent ounces of gold produced [5]								
Minto	202	257	261	97	205	402	522	645
Silver equivalent ounces produced	6,931	6,118	6,089	6,236	6,168	6,039	5,891	5,660
Silver ounces sold								
San Dimas [2]	1,488	1,232	1,149	1,748	1,438	1,274	1,076	1,206
Zinkgruvan	425	319	401	321	421	635	313	498
Yauliyacu	655	11	471	120	470	87	517	581
Peñasquito	851	1,382	961	941	1,169	692	656	424
Cozamin	374	335	281	271	411	306	412	281
Barrick [3]	755	747	726	680	482	533	727	783
Other [4]	1,230	770	862	741	1,139	750	943	654
	5,778	4,796	4,851	4,822	5,530	4,277	4,644	4,427
Silver equivalent ounces of gold sold [5]								
Minto	196	316	227	83	127	411	496	571
Silver equivalent ounces sold	5,974	5,112	5,078	4,905	5,657	4,688	5,140	4,998
Gold / silver ratio [5]	51.9	50.4	40.1	33.0	49.7	57.7	65.4	66.3
Cumulative payable silver equivalent ounces produced but not yet delivered [6]	4,127	3,805	3,537	3,018	2,275	2,174	1,403	1,437

1) Ounces produced represent the quantity of silver and gold contained in concentrate or doré prior to smelting or refining deductions. Certain production figures are based on management estimates.
2) Beginning in the third quarter of 2010, the ounces produced and sold include ounces received from Goldcorp in connection with Goldcorp's four year commitment to deliver to Silver Wheaton 1.5 million ounces of silver per annum resulting from their sale of San Dimas to Primero.
3) Comprised of the Lagunas Norte, Pierina and Veladero silver interests.
4) Comprised of the Los Filos, Mineral Park, Neves-Corvo, Stratoni, Keno Hill, Minto, Aljustrel and Campo Morado silver interests in addition to the previously owned La Negra and San Martin silver interests.
5) Gold ounces produced and sold are converted to a silver equivalent basis on the ratio of the average silver price received to the average gold price received during the period from the assets that produce both gold and silver.
6) Based on management estimates.

Quarterly Financial Review

	2011				2010			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total silver ounces sold (000's)	5,778	4,796	4,851	4,822	5,530	4,277	4,644	4,427
Average realized silver price [1]	$ 32.09	$ 36.44	$ 38.38	$ 32.00	$ 26.41	$ 19.51	$ 18.46	$ 17.27
Silver sales (000's)	$ 185,401	$ 174,733	$ 186,191	$ 154,304	$ 146,030	$ 83,409	$ 85,759	$ 76,462
Total gold ounces sold	3,777	6,280	5,674	2,524	2,562	7,127	7,584	8,611
Average realized gold price [1]	$ 1,712	$ 1,666	$ 1,509	$ 1,537	$ 1,384	$ 1,323	$ 1,219	$ 1,100
Gold sales (000's)	$ 6,466	$ 10,462	$ 8,561	$ 3,879	$ 3,547	$ 9,425	$ 9,245	$ 9,476
Total silver equivalent ounces sold (000's) [2]	5,974	5,112	5,078	4,905	5,657	4,688	5,140	4,998
Average realized silver equivalent price [1]	$ 32.12	$ 36.23	$ 38.35	$ 32.24	$ 26.44	$ 19.81	$ 18.48	$ 17.20
Total sales (000's)	$ 191,867	$ 185,195	$ 194,752	$ 158,183	$ 149,577	$ 92,834	$ 95,004	$ 85,938
Average cash cost, silver [1, 3]	$ 4.01	$ 3.99	$ 3.98	$ 3.98	$ 3.97	$ 3.98	$ 3.97	$ 3.97
Average cash cost, gold [1, 3]	$ 301	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300
Average cash cost, silver equivalent [1, 2, 3]	$ 4.06	$ 4.12	$ 4.14	$ 4.07	$ 4.02	$ 4.09	$ 4.03	$ 4.04
Net earnings (000's)								
As reported under Cdn GAAP	-	-	-	-	$ 122,973	$ 69,233	$ 53,257	$ 44,630
Adjustments under IFRS								
(Loss) gain on fair value adjustment of warrants issued	-	-	-	-	(56,832)	(45,276)	(37,408)	6,306
Reallocation of realized gain on disposal of long-term investments	-	-	-	-	-	-	(150)	-
Income tax expense	-	-	-	-	(2,242)	(287)	(446)	(377)
As reported under IFRS	$ 144,747	$ 135,040	$ 148,065	$ 122,176	$ 63,899	$ 23,670	$ 15,253	$ 50,559
Earnings per share								
Basic								
As reported under GAAP	-	-	-	-	$ 0.35	$ 0.20	$ 0.16	$ 0.13
IFRS adjustments	-	-	-	-	(0.17)	(0.13)	(0.12)	0.02
As reported under IFRS	$ 0.41	$ 0.38	$ 0.42	$ 0.35	$ 0.18	$ 0.07	$ 0.04	$ 0.15
Diluted								
As reported under GAAP	-	-	-	-	$ 0.35	$ 0.20	$ 0.15	$ 0.13
IFRS adjustments	-	-	-	-	(0.17)	(0.13)	(0.11)	-
As reported under IFRS	$ 0.41	$ 0.38	$ 0.42	$ 0.34	$ 0.18	$ 0.07	$ 0.04	$ 0.13
Cash flow from operations (000's)	$ 163,714	$ 167,236	$ 168,281	$ 127,196	$ 124,675	$ 70,473	$ 66,978	$ 57,600
Cash flow from operations per share [4]								
Basic	$ 0.46	$ 0.47	$ 0.48	$ 0.36	$ 0.36	$ 0.20	$ 0.20	$ 0.17
Diluted	$ 0.46	$ 0.47	$ 0.47	$ 0.36	$ 0.36	$ 0.20	$ 0.19	$ 0.17
Dividends								
Dividends paid	$ 31,814	$ 10,603	$ 10,599	$ 10,595	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Dividends paid per share	$ 0.09	$ 0.03	$ 0.03	$ 0.03	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Total assets (000's)	$ 2,872,335	$ 2,760,675	$ 2,807,346	$ 2,757,065	$ 2,635,383	$ 2,363,943	$ 2,379,790	$ 2,286,425
Total liabilities (000's)	$ 218,118	$ 229,676	$ 359,544	$ 363,131	$ 373,434	$ 507,077	$ 613,115	$ 554,222
Total shareholders' equity (000's)	$ 2,654,217	$ 2,530,999	$ 2,447,802	$ 2,393,934	$ 2,261,949	$ 1,856,866	$ 1,766,675	$ 1,732,203

1) Expressed as United States dollars per ounce.
2) Gold ounces sold are converted to a silver equivalent basis on the ratio of the average silver price received to the average gold price received during the period from the assets that produce both gold and silver.
3) Refer to discussion on non-IFRS measure (iii) on page 20 of this MD&A.
4) Refer to discussion on non-IFRS measure (ii) on pages 19 and 20 of this MD&A.

Changes in sales, net earnings and cash flow from operations from quarter to quarter are affected primarily by fluctuations

in production at the mines, the timing of shipments, changes in the price of silver, as well as acquisitions of silver purchase agreements and the commencement of operations of mines under construction.

Results of Operations and Operational Review

The Company currently has nine business segments: the silver produced by the San Dimas, Zinkgruvan, Yauliyacu, Peñasquito, Cozamin, Barrick and Other mines, the gold produced by the Minto mine and corporate operations.

Three Months Ended December 31, 2011

	Ounces produced [2]	Ounces sold	Sales	Average realized price ($'s per ounce)	Average cash cost ($'s per ounce) [3]	Average depletion ($'s per ounce)	Net earnings	Cash flow from (used in) operations	Total assets
Silver									
San Dimas [4]	1,578	1,488	$ 44,641	$ 30.00	$ 4.09	$ 0.71	$ 37,494	$ 38,551	$ 167,527
Zinkgruvan	390	425	13,537	31.87	4.10	1.69	11,077	14,061	57,639
Yauliyacu	583	655	22,270	34.00	4.02	5.02	16,350	19,637	230,012
Peñasquito	1,633	851	27,374	32.17	3.96	2.41	21,954	24,004	504,973
Cozamin	433	374	12,786	34.18	4.08	4.62	9,531	10,260	25,115
Barrick [5]	723	755	24,673	32.67	3.90	3.60	19,008	21,728	601,085
Other [6]	1,389	1,230	40,120	32.63	3.94	4.22	30,089	36,301	251,716
	6,729	5,778	$ 185,401	$ 32.09	$ 4.01	$ 2.90	$ 145,503	$ 164,542	$1,838,067
Gold									
Minto	3,891	3,777	6,466	1,712	301	169	4,689	6,314	33,659
Silver Equivalent [7]	6,931	5,974	$ 191,867	$ 32.12	$ 4.06	$ 2.91	$ 150,192	$ 170,856	$1,871,726
Corporate									
General and administrative							$ (6,115)		
Other							670		
Total corporate							$ (5,445)	$ (7,142)	$1,000,609
	6,931	**5,974**	**$ 191,867**	**$ 32.12**	**$ 4.06**	**$ 2.91**	**$ 144,747**	**$ 163,714**	**$2,872,335**

1) All figures in thousands except gold ounces produced and sold and per ounce amounts.
2) Ounces produced represent the quantity of silver and gold contained in concentrate or doré prior to smelting or refining deductions. Certain production figures are based on management estimates.
3) Refer to discussion on non-IFRS measure (iii) on page 20 of this MD&A.
4) Results for San Dimas include 375,000 ounces received from Goldcorp in connection with Goldcorp's four year commitment to deliver to Silver Wheaton 1.5 million ounces of silver per annum resulting from their sale of San Dimas to Primero.
5) Comprised of the Lagunas Norte, Pierina and Veladero silver interests.
6) Comprised of the Los Filos, Mineral Park, Neves-Corvo, Stratoni, Keno Hill, Minto, Campo Morado and Aljustrel silver interests.
7) Gold ounces produced and sold are converted to a silver equivalent basis on the ratio of the average silver price received to the average gold price received during the period from the assets that produce both gold and silver.

Three Months Ended December 31, 2010

	Ounces produced [2]	Ounces sold	Sales	Average realized price ($'s per ounce)	Average cash cost ($'s per ounce) [3]	Average depletion ($'s per ounce)	Net earnings	Cash flow from (used in) operations	Total assets
Silver									
San Dimas [4]	1,586	1,438	$ 39,283	$ 27.33	$ 4.05	$ 0.78	$ 32,351	$ 34,567	$ 171,524
Zinkgruvan	428	421	12,483	29.64	4.05	1.69	10,062	10,600	60,122
Yauliyacu	651	470	10,627	22.61	3.98	3.47	7,124	8,756	236,320
Peñasquito	1,260	1,169	31,166	26.66	3.90	2.54	23,634	26,607	514,930
Cozamin	335	411	10,953	26.67	4.04	4.62	7,396	8,729	30,949
Barrick [5]	458	482	11,369	23.58	3.90	3.61	7,749	10,890	595,307
Other [6]	1,245	1,139	30,149	26.47	3.92	4.81	20,207	24,452	266,978
	5,963	5,530	$ 146,030	$ 26.41	$ 3.97	$ 2.81	$ 108,523	$ 124,601	$1,876,130
Gold									
Minto	4,130	2,562	3,547	1,384	300	237	2,172	3,816	36,747
Silver Equivalent [7]	6,168	5,657	$ 149,577	$ 26.44	$ 4.02	$ 2.86	$ 110,695	$ 128,417	$1,912,877
Corporate									
General and administrative							$ (6,409)		
Loss on fair value adjustment of Canadian dollar share purchase warrants issued							(56,832)		
Other							16,445		
Total corporate							$ (46,796)	$ (3,742)	$ 722,506
	6,168	**5,657**	**$ 149,577**	**$ 26.44**	**$ 4.02**	**$ 2.86**	**$ 63,899**	**$ 124,675**	**$2,635,383**

1) All figures in thousands except gold ounces produced and sold and per ounce amounts.
2) Ounces produced represent the quantity of silver and gold contained in concentrate or doré prior to smelting or refining deductions. Certain production figures are based on management estimates.
3) Refer to discussion on non-IFRS measure (iii) on page 20 of this MD&A.
4) Results for San Dimas include 375,000 ounces received from Goldcorp in connection with Goldcorp's four year commitment to deliver to Silver Wheaton 1.5 million ounces of silver per annum resulting from their sale of San Dimas to Primero.
5) Comprised of the Lagunas Norte, Pierina and Veladero silver interests.
6) Comprised of the Los Filos, Mineral Park, Neves-Corvo, Stratoni, Minto and Campo Morado silver interests in addition to the previously owned La Negra and San Martin silver interests.
7) Gold ounces produced and sold are converted to a silver equivalent basis on the ratio of the average silver price received to the average gold price received during the period from the assets that produce both gold and silver.

For the three months ended December 31, 2011, net earnings and cash flow from operations were $144.7 million and $163.7 million, respectively, compared with $63.9 million and $124.7 million for the comparable period in 2010, with the variance in net earnings being primarily attributable to the following factors:

- $6.2 million increase as a result of a 6% increase in the number of silver equivalent ounces sold, primarily related to:
    i. $2.8 million increase as a result of a 39% increase in silver deliveries from Yauliyacu primarily due to the shipment of previously produced bulk concentrate, the processing of which was delayed due to the shutdown of the Doe Run smelter; and
    ii. $4.4 million increase as a result of a 57% increase in silver deliveries from the Barrick mines, primarily due to higher grades and throughput; and
    iii. $5.7 million increase as a result of the timing of shipments of stockpiled concentrate, primarily relating to Minto and Mineral Park; partially offset by
    iv. $6.4 million decrease as a result of a 27% decrease in silver deliveries from Peñasquito as a result of the timing of shipments of stockpiled concentrate; and
- $32.8 million increase as a result of a 22% increase in the average realized selling price of silver; and
- $41.4 million increase as a result of a decrease in corporate costs, as explained in the Corporate Costs section of this MD&A ($3.4 million increase from a cash flow perspective).

Year Ended December 31, 2011

	Ounces produced [2]	Ounces sold	Sales	Average realized price ($'s per ounce)	Average cash cost ($'s per ounce) [3]	Average depletion ($'s per ounce)	Net earnings	Cash flow from (used in) operations	Total assets
Silver									
San Dimas [4]	5,585	5,617	$ 188,377	$ 33.54	$ 4.06	$ 0.71	$ 161,554	$ 164,453	$ 167,527
Zinkgruvan	1,691	1,466	52,974	36.14	4.08	1.69	44,503	49,377	57,639
Yauliyacu	2,548	1,257	43,911	34.93	4.02	5.02	32,555	38,863	230,012
Peñasquito	5,284	4,135	143,069	34.61	3.93	2.41	116,855	126,812	504,973
Cozamin	1,567	1,261	43,990	34.85	4.07	4.62	33,018	40,586	25,115
Barrick [5]	2,980	2,908	102,454	35.23	3.90	3.58	80,692	89,554	601,085
Other [6]	4,902	3,603	125,854	34.93	3.94	4.27	96,298	112,414	251,716
	24,557	20,247	$ 700,629	$ 34.60	$ 3.99	$ 2.69	$ 565,475	$ 622,059	$1,838,067
Gold									
Minto	18,436	18,256	29,368	1,609	300	169	20,799	24,240	33,659
Silver Equivalent [7]	25,374	21,069	$ 729,997	$ 34.65	$ 4.09	$ 2.73	$ 586,274	$ 646,299	$1,871,726
Corporate									
General and administrative							$ (25,180)		
Other							(11,066)		
Total corporate							$ (36,246)	$ (19,872)	$1,000,609
	25,374	**21,069**	**$ 729,997**	**$ 34.65**	**$ 4.09**	**$ 2.73**	**$ 550,028**	**$ 626,427**	**$2,872,335**

1) All figures in thousands except gold ounces produced and sold and per ounce amounts.
2) Ounces produced represent the quantity of silver and gold contained in concentrate or doré prior to smelting or refining deductions. Certain production figures are based on management estimates.
3) Refer to discussion on non-IFRS measure (iii) on page 20 of this MD&A.
4) Results for San Dimas include 1.5 million ounces received from Goldcorp in connection with Goldcorp's four year commitment to deliver to Silver Wheaton 1.5 million ounces of silver per annum resulting from their sale of San Dimas to Primero.
5) Comprised of the Lagunas Norte, Pierina and Veladero silver interests.
6) Comprised of the Los Filos, Mineral Park, Neves-Corvo, Stratoni, Keno Hill, Minto, Campo Morado and Aljustrel silver interests.
7) Gold ounces produced and sold are converted to a silver equivalent basis on the ratio of the average silver price received to the average gold price received during the period from the assets that produce both gold and silver.

	Year Ended December 31, 2010								
	Ounces produced [2]	Ounces sold	Sales	Average realized price ($'s per ounce)	Average cash cost ($'s per ounce) [3]	Average depletion ($'s per ounce)	Net earnings	Cash flow from (used in) operations	Total assets
Silver									
San Dimas [4]	5,157	4,994	$ 105,747	$ 21.18	$ 4.04	$ 0.78	$ 81,659	$ 86,666	$ 171,524
Zinkgruvan	1,801	1,867	39,447	21.12	4.04	1.71	28,697	30,178	60,122
Yauliyacu	2,713	1,655	31,998	19.33	3.98	3.47	19,669	25,418	236,320
Peñasquito	3,792	2,941	63,632	21.64	3.90	2.54	44,683	52,163	514,930
Cozamin	1,403	1,410	29,180	20.71	4.03	4.62	16,987	23,252	30,949
Barrick [5]	2,617	2,525	48,311	19.13	3.90	3.55	29,498	36,787	595,307
Other [6]	4,501	3,486	73,345	21.04	3.92	4.49	44,010	58,182	266,978
	21,984	18,878	$ 391,660	$ 20.75	$ 3.97	$ 2.73	$ 265,203	$ 312,646	$1,876,130
Gold									
Minto	28,795	25,884	31,693	1,224	300	236	17,830	23,174	36,747
Silver Equivalent [7]	23,758	20,483	$ 423,353	$ 20.67	$ 4.04	$ 2.81	$ 283,033	$ 335,820	$1,912,877
Corporate									
General and administrative							$ (24,669)		
Loss on fair value adjustment of Canadian dollar share purchase warrants issued							(133,210)		
Other							28,227		
Total corporate							$(129,652)	$ (16,094)	$ 722,506
	23,758	**20,483**	**$ 423,353**	**$ 20.67**	**$ 4.04**	**$ 2.81**	**$ 153,381**	**$ 319,726**	**$2,635,383**

1) All figures in thousands except gold ounces produced and sold and per ounce amounts.
2) Ounces produced represent the quantity of silver and gold contained in concentrate or doré prior to smelting or refining deductions. Certain production figures are based on management estimates.
3) Refer to discussion on non-IFRS measure (iii) on page 20 of this MD&A.
4) Results for San Dimas include 625,000 ounces received from Goldcorp in connection with Goldcorp's four year commitment to deliver to Silver Wheaton 1.5 million ounces of silver per annum resulting from their sale of San Dimas to Primero.
5) Comprised of the Lagunas Norte, Pierina and Veladero silver interests.
6) Comprised of the Los Filos, Mineral Park, Neves-Corvo, Stratoni, Minto and Campo Morado silver interests in addition to the previously owned La Negra and San Martin silver interests.
7) Gold ounces produced and sold are converted to a silver equivalent basis on the ratio of the average silver price received to the average gold price received during the period from the assets that produce both gold and silver.

For the year ended December 31, 2011, net earnings and cash flow from operations were $550.0 million and $626.4 million, respectively, compared with $153.4 million and $319.7 million for the comparable period in 2010, with the variance in net earnings being attributable to the following factors:

- $21.6 million increase as a result of a 7% increase in the number of silver ounces sold, primarily due to:

  i. $10.2 million increase as a result of a 13% increase in silver deliveries relating to San Dimas reflecting the delivery of 1.5 million ounces due from Goldcorp in connection with Goldcorp's four year commitment to deliver to Silver Wheaton 1.5 million ounces of silver per annum resulting from their sale of San Dimas to Primero, as compared to 0.6 million ounces during the comparable period of the previous year; and

  ii. $4.5 million increase as a result of a 15% increase in silver deliveries from the Barrick mines, primarily due to higher grades and throughput; and

  iii. $18.1 million increase as a result of a 41% increase in silver deliveries from Peñasquito reflecting the continued ramping up of milling operations; partially offset by

  iv. $10.9 million decrease as a result of the timing of shipments of stockpiled concentrate, primarily relating to Yauliyacu and Zinkgruvan, with Yauliyacu reflecting the delay in processing bulk concentrate as a result of the closing of the Doe Run smelter;

- $5.3 million decrease as a result of a 30% decrease in the number of gold ounces sold due to lower grade stockpiled ore processed after cessation of mining from the Stage 4 Main Pit at the Minto mine; and

- $280.5 million increase as a result of a 67% increase in the average realized selling price of silver; and

- $7.0 million increase as a result of a 31% increase in the average realized selling price of gold; and
- $93.4 million increase as a result of a decrease in corporate costs, as explained in the Corporate Costs section of this MD&A ($3.8 million increase from a cash flow perspective).

Corporate Costs

(in thousands)	Three Months Ended December 31 2011	2010	Year Ended December 31 2011	2010
General and administrative	$ 4,556	$ 5,108	$ 18,851	$ 16,937
Equity settled stock based compensation (a non-cash item)	1,559	1,301	6,329	7,732
Total general and administrative	$ 6,115	$ 6,409	$ 25,180	$ 24,669
Loss on fair value adjustment of Canadian dollar share purchase warrants issued	-	56,832	-	133,210
Foreign exchange gain	65	(1,579)	(453)	(2,266)
Other expense (income)	(345)	(8,393)	3,182	(16,089)
Income tax expense (recovery)	(390)	(6,473)	8,337	(9,872)
Total corporate costs	$ 5,445	$ 46,796	$ 36,246	$ 129,652

For the three months ended December 31, 2011, corporate costs decreased by $41.4 million over the comparable period in the previous year, primarily due to a $56.8 million non-cash, fair value loss recorded during the three months ended December 31, 2010 on the Company's previously issued and outstanding share purchase warrants which had an exercise price denominated in Canadian dollars. As more fully described in Note 12 to the financial statements, these warrants are classified as a financial liability with any fair value adjustments being reflected as a component of net earnings. This decrease in costs was partially offset by (i) a $1.6 million foreign exchange gain recorded during the three months ended December 31, 2010; (ii) an $8.0 million increase in Other Expense (Income), primarily attributable to a $2.6 million non-cash, fair value gain recorded during the three months ended December 31, 2010 on the Company's investment in share purchase warrants held in addition to a $5.9 million gain recognized during the three months ended December 31, 2010 resulting from the disposition of the La Negra silver purchase agreement and; (iii) an income tax recovery of $6.5 million, which includes a non-cash deferred income tax recovery of $6.6 million recorded during the three months ended December 31, 2010, relating primarily to the recognition of previously unrecognized deferred income tax assets.

For the year ended December 31, 2011, corporate costs decreased by $93.4 million over the comparable period in the previous year, primarily due to (i) a $1.4 million decrease in equity settled stock based compensation (a non-cash item); and; (ii) a $133.2 million non-cash, fair value loss recorded during the year ended December 31, 2010 on the Company's previously issued and outstanding share purchase warrants which had an exercise price denominated in Canadian dollars. As more fully described in Note 12 to the financial statements, these warrants are classified as a financial liability with any fair value adjustments being reflected as a component of net earnings. This decrease in costs was partially offset by (i) a $1.9 million increase in general and administrative costs primarily due to increased corporate activity; (ii) a $2.3 million foreign exchange gain recorded during the year ended December 31, 2010; (iii) a $19.3 million increase in Other Expense (Income), primarily attributable to a $10.7 million non-cash, fair value gain recorded during the year ended December 31, 2010 on the Company's investment in share purchase warrants held in addition to a $5.9 million gain recognized during the year ended December 31, 2010 resulting from the disposition of the La Negra silver purchase agreement and; (iv) an income tax expense of $8.3 million, which includes a non-cash deferred income tax expense of $7.6 million recorded during the year ended December 31, 2011, attributable primarily to income from Canadian operations and the reversal of previously recognized deferred income tax assets relating to the decline in fair value of long-term investments in common shares held as compared to an income tax recovery of $9.9 million in the comparable period of the previous year, which includes a non-cash deferred income tax recovery of $10.2 million relating primarily to the recognition of previously unrecognized deferred income tax assets.

The Company incurred interest costs of $16.2 million during the year ended December 31, 2011, of which $15.2 million represents accreted interest on the future payments due in relation to the Barrick silver interest, with the remainder being attributable to interest on bank debt. All of the interest costs incurred during 2011 have been capitalized in relation to the Barrick silver interest. During the year ended December 31, 2010, the Company incurred interest costs of $24.5 million, of which $23.1 million represents accreted interest on the future payments due in relation to the Barrick silver interest, with the remainder being attributable to interest on bank debt. All of the interest costs incurred during the year ended December 31, 2010 were capitalized in relation to the Peñasquito, Keno Hill and Barrick silver interests.

Non-IFRS Measures

Silver Wheaton has included, throughout this document, certain non-IFRS performance measures, including (i) adjusted net earnings and adjusted net earnings per share; (ii) operating cash flow per share (basic and diluted); (iii) average cash costs of silver and gold on a per ounce basis and; (iv) cash operating margin.

i. Adjusted net earnings and adjusted net earnings per share is calculated by removing the effects of the non-cash, fair value adjustment on the Company's previously issued and outstanding share purchase warrants which had an exercise price denominated in Canadian dollars from net earnings of the Company. As more fully described in Note 12 to the financial statements, these warrants are classified as a financial liability with any fair value adjustments being reflected as a component of net earnings. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use this information to evaluate the Company's performance.

   The following table provides a reconciliation of adjusted net earnings and adjusted net earnings per share (basic and diluted).

	Three Months Ended December 31		Year Ended December 31	
(in thousands, except for per share amounts)	**2011**	2010	**2011**	2010
Net earnings	$ 144,747	$ 63,899	$ 550,028	$ 153,381
Add back - loss on fair value adjustment of Canadian dollar share purchase warrants issued	-	56,832	-	133,210
Adjusted net earnings	$ 144,747	$ 120,731	$ 550,028	$ 286,591
Divided by:				
Basic weighted average number of shares outstanding	353,497	347,611	353,249	344,288
Diluted weighted average number of shares outstanding	355,797	350,618	355,904	346,508
Equals:				
Adjusted earnings per share - basic	$ 0.41	$ 0.35	$ 1.56	$ 0.83
Adjusted earnings per share - diluted	$ 0.41	$ 0.34	$ 1.55	$ 0.83

ii. Operating cash flow per share (basic and diluted) is calculated by dividing cash generated by operating activities by the weighted average number of shares outstanding (basic and diluted). The Company presents operating cash flow per share as it believes that certain investors use this information to evaluate the Company's performance in comparison to other companies in the precious metals mining industry who present results on a similar basis.

The following table provides a reconciliation of operating cash flow per share (basic and diluted).

(in thousands, except for per share amounts)	Three Months Ended December 31 **2011**	Three Months Ended December 31 2010	Year Ended December 31 **2011**	Year Ended December 31 2010
Cash generated by operating activities	$ 163,714	$ 124,675	$ 626,427	$ 319,726
Divided by:				
Basic weighted average number of shares outstanding	353,497	347,611	353,249	344,288
Diluted weighted average number of shares outstanding	355,797	350,618	355,904	346,508
Equals:				
Operating cash flow per share - basic	$ 0.46	$ 0.36	$ 1.77	$ 0.93
Operating cash flow per share - diluted	$ 0.46	$ 0.36	$ 1.76	$ 0.92

iii. Average cash cost of silver and gold on a per ounce basis is calculated by dividing the total cost of sales, less depletion, by the ounces sold. In the precious metals mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow.

The following table provides a reconciliation of average cash cost of silver and gold on a per ounce basis.

(in thousands, except for gold ounces sold and per ounce amounts)	Three Months Ended December 31 **2011**	Three Months Ended December 31 2010	Year Ended December 31 **2011**	Year Ended December 31 2010
Cost of sales	$ 41,675	$ 38,882	$ 143,723	$ 140,320
Less: depletion	(17,393)	(16,154)	(57,457)	(57,571)
Cash cost of sales	$ 24,282	$ 22,728	$ 86,266	$ 82,749
Cash cost of sales is comprised of:				
Total cash cost of silver sold	$ 23,144	$ 21,960	$ 80,785	$ 74,984
Total cash cost of gold sold	1,138	768	5,481	7,765
Total cash cost of sales	$ 24,282	$ 22,728	$ 86,266	$ 82,749
Divided by:				
Total silver ounces sold	5,778	5,530	20,247	18,878
Total gold ounces sold	3,777	2,562	18,256	25,884
Total silver equivalent ounces sold [1]	5,974	5,657	21,069	20,483
Equals:				
Average cash cost of silver (per ounce)	$ 4.01	$ 3.97	$ 3.99	$ 3.97
Average cash cost of gold (per ounce)	$ 301	$ 300	$ 300	$ 300
Average cash cost (per silver equivalent ounce [1])	$ 4.06	$ 4.02	$ 4.09	$ 4.04

1) Gold ounces sold are converted to a silver equivalent basis on the ratio of the average silver price received to the average gold price received during the period from the assets that produce both silver and gold.

iv. Cash operating margin is calculated by subtracting the average cash cost of silver and gold on a per ounce basis from the average realized selling price of silver and gold on a per ounce basis. The Company presents cash operating margin as it believes that certain investors use this information to evaluate the Company's performance in comparison to other companies in the precious metals mining industry who present results on a similar basis.

The following table provides a reconciliation of cash operating margin.

(in thousands, except for per ounce amounts)	Three Months Ended December 31		Year Ended December 31	
	2011	2010	**2011**	2010
Average realized selling price of silver and gold Sales	$ 191,867	$ 149,577	$ 729,997	$ 423,353
Divided by - total silver equivalent ounces sold[1]	5,974	5,657	21,069	20,483
Equals - average realized price ($'s per silver equivalent ounce [1])	$ 32.12	$ 26.44	$ 34.65	$ 20.67
Less - average cash cost ($'s per silver equivalent ounce [1])	(4.06)	(4.02)	(4.09)	(4.04)
Cash operating margin	$ 28.06	$ 22.42	$ 30.56	$ 16.63

1) Gold ounces sold are converted to a silver equivalent basis on the ratio of the average silver price received to the average gold price received during the period from the assets that produce both silver and gold.

These non-IFRS measures do not have any standardized meaning prescribed by IFRS, and other companies may calculate these measures differently. The presentation of these non-IFRS measures 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.

Liquidity and Capital Resources

As at December 31, 2011, the Company had cash and cash equivalents of $840.2 million (December 31, 2010 - $428.6 million) and working capital of $677.3 million (December 31, 2010 – $264.8 million). The Company invests surplus cash in short-term, high credit quality, money market instruments.

In addition to cash on hand, the Company has $400 million available under its revolving bank debt facility as at December 31, 2011 as more fully described in Note 10 to the financial statements. In the opinion of management, cash flows, cash balances and available credit facilities are sufficient to support the Company's normal operating requirements on an ongoing basis.

During the year ended December 31, 2011, the Company generated operating cash flows of $626.4 million compared with $319.7 million during the comparable period of 2010, with the increase being primarily attributable to increased selling prices of silver and gold.

During the year ended December 31, 2011, the Company had net cash outflows from financing activities of $84.2 million, which was primarily comprised of dividend payments of $63.6 million ($0.18 per share) as well as scheduled principal repayments of $28.6 million relating to the Company's term loan, partially offset by proceeds in the amount of $7.9 million from share purchase options and share purchase warrants exercised during the period. During the year ended December 31, 2010, the Company had net cash inflows from financing activities of $79.8 million, primarily comprised of proceeds in the amount of $108.4 million from share purchase options and share purchase warrants exercised during the period, partially offset by scheduled principal repayments of $28.6 million relating to the Company's term loan.

During the year ended December 31, 2011, the Company had net cash outflows relating to investing activities of $130.7 million, which was primarily related to the scheduled upfront payment of $137.5 million to Barrick and the acquisition, by way of private placement, of 10 million common shares of Wildcat Silver Corporation for total consideration of Cdn$13.0 million ($13.7 million). These outflows were partially offset by proceeds in the amount of Cdn$23.5 million ($24.3 million) received from the sale of 1.8 million common shares of Ventana Gold Corp. During the year ended December 31, 2010, the Company had net cash outflows relating to investing activities of $201.3 million, primarily related to the scheduled upfront payment of $137.5 million to Barrick and upfront payments totaling $32.6 million to Alexco in respect of the Company's Keno Hill silver interest in addition to the acquisition of long-term investments totaling $54.1 million, which were partially offset by the $25.0 million proceeds received from Aurcana Corporation for the disposal of the La Negra silver interest.

As at December 31, 2011, the Company has cash on hand of $840.2 million and $400 million available under its revolving bank debt facility as more fully described in Note 10 to the financial statements. In the opinion of management, cash flows, cash balances and available credit facilities are sufficient to support the Company's normal operating requirements on an ongoing basis.

Contractual Obligations and Contingencies

Silver and Gold Interests

The following table summarizes the Company's commitments to pay for silver and gold to which it has the contractual right pursuant to the silver purchase agreements or precious metal purchase agreements:

Silver and Gold Interests	Attributable Payable Production to be Purchased Silver	Gold	Per Ounce Cash Payment [1,2] Silver	Gold	Term of Agreement	Date of Contract
San Dimas	100% [3]	-	$ 4.08	n/a	Life of Mine	15-Oct-04
Zinkgruvan	100%	-	$ 4.14	n/a	Life of Mine	8-Dec-04
Yauliyacu	100% [4]	-	$ 4.02	n/a	20 years	23-Mar-06
Peñasquito	25%	-	$ 3.96	n/a	Life of Mine	24-Jul-07
Minto	100%	100% [5]	$ 3.94	$ 303	Life of Mine	1-Dec-08
Cozamin	100%	-	$ 4.08 [6]	n/a	10 years	4-Apr-07
Barrick						
Pascua-Lama	25%	-	$ 3.90	n/a	Life of Mine	8-Sep-09
Lagunas Norte	100%	-	$ 3.90	n/a	4 years [7]	8-Sep-09
Pierina	100%	-	$ 3.90	n/a	4 years [7]	8-Sep-09
Veladero	100% [8]	-	$ 3.90	n/a	4 years [7]	8-Sep-09
Other						
Los Filos [3]	100%	-	$ 4.13	n/a	25 years	15-Oct-04
Keno Hill	25%	-	$ 3.90	n/a	Life of Mine	2-Oct-08
Mineral Park	100%	-	$ 3.90	n/a	Life of Mine	17-Mar-08
Neves-Corvo	100%	-	$ 3.98	n/a	50 years	5-Jun-07
Stratoni	100%	-	$ 3.98	n/a	Life of Mine	23-Apr-07
Campo Morado	75%	-	$ 3.90	n/a	Life of Mine	13-May-08
Aljustrel	100%	-	$ 3.94	n/a	50 years	5-Jun-07
Loma de La Plata	12.5%	-	$ 4.00	n/a	Life of Mine	n/a [9]
Rosemont	100%	100%	$ 3.90	$ 450	Life of Mine	11-Feb-10

1) Subject to an annual inflationary adjustment with the exception of Loma de La Plata.
2) Should the prevailing market price for silver or gold be lower than this amount, the per ounce cash payment will be reduced to the prevailing market price, with the exception of Yauliyacu.
3) Until August 6, 2014, Silver Wheaton is committed to purchase from Primero a per annum amount equal to the first 3.5 million ounces of payable silver produced at San Dimas and 50% of any excess, plus Silver Wheaton is committed to purchase an additional 1.5 million ounces of silver per annum to be delivered by Goldcorp for a per ounce cash payment equal to that applicable under the Los Filos silver purchase agreement. After August 6, 2014, Silver Wheaton is committed to purchase from Primero a per annum amount equal to the first 6 million ounces of payable silver produced at San Dimas and 50% of any excess.
4) To a maximum of 4.75 million ounces per annum. In the event that silver produced at Yauliyacu in any year totals less than 4.75 million ounces, the amount sold to Silver Wheaton in subsequent years will be increased to make up for the shortfall, so long as production allows. The cumulative shortfall as at March 23, 2011, representing the five year anniversary, was 9.8 million ounces.
5) The Company is committed to acquire 100% of the first 30,000 ounces of gold produced per annum and 50% thereafter.
6) The payment per ounce of silver delivered from the Cozamin mine may be subject to price adjustments in certain circumstances, the effects of which are being reviewed. Management believes that ultimately no adjustment will be necessary, and, as a result, no provision has been made in these financial statements for any such adjustment.
7) The Company is committed to purchase silver production from the currently producing mines until December 31, 2013. In addition, during 2014 and 2015, the Company is committed to purchase all or a portion of the silver production from these mines to the extent of any production shortfall relative to the production guarantee levels at Pascua-Lama, until Barrick satisfies the completion guarantee.
8) Silver Wheaton's attributable silver production is subject to a maximum of 8% of the silver contained in the ore mined at Veladero during the period.
9) Terms of the agreement not yet finalized.

Other Contractual Obligations

(in thousands)	Obligations With Scheduled Payment Dates 2012	2013 - 2015	2016 - 2017	After 2017	**Sub-Total**	Contingent Obligations	**Total**
Bank debt	$ 28,560	$ 50,060	$ -	$ -	**$ 78,620**	$ -	**$ 78,620**
Interest on bank debt [1]	1,006	792	-	-	**1,798**	-	**1,798**
Silver interest payments							
Barrick	137,500	-	-	-	**137,500**	-	**137,500**
Rosemont [2]	-	-	-	-	**-**	230,000	**230,000**
Loma de La Plata [2]	-	-	-	-	**-**	32,400	**32,400**
Operating leases	493	1,534	594	-	**2,621**	-	**2,621**
Total contractual obligations	$ 167,559	$ 52,386	$ 594	$ -	**$ 220,539**	$ 262,400	**$ 482,939**

1) As the applicable interest rates are floating in nature, the interest charges are estimated based on market-based forward interest rate curves at the end of the reporting period.
2) See the Contingencies section of this MD&A.

Contingencies

In connection with the Rosemont precious metal purchase agreement, the Company is committed to pay Augusta total upfront cash payments of $230 million, payable on an installment basis to partially fund construction of the Rosemont mine once certain milestones are achieved, including the receipt of key permits and securing the necessary financing to complete construction of the mine.

In connection with the Company's election to convert the debenture with Pan American into a silver purchase agreement, the Company is committed to pay Pan American total upfront cash payments of $32.4 million following the satisfaction of certain conditions, including Pan American receiving all necessary permits to proceed with the mine construction.

Due to the size, complexity and nature of the Company's operations, various legal and tax matters are outstanding from time to time, including an audit by the Canada Revenue Agency of the Company's international transactions covering the 2005 to 2010 taxation years. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. Based on information available to management at March 22, 2012, the outstanding legal and tax matters are not expected to have a material adverse effect on the Company. However, if the Company is unable to resolve any of these matters favorably, there may be a material adverse impact on the Company's financial performance, cash flows or results of operations. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements in the period that such changes occur.

Share Capital

During the year ended December 31, 2011, the Company received cash proceeds of $7.8 million from the exercise of 642,173 share purchase options at a weighted average exercise price of Cdn$11.96 per option. For the comparable period in 2010, the Company received cash proceeds of $32.3 million from the exercise of 2,813,773 share purchase options at a weighted average exercise price of Cdn$11.85 per option.

During the year ended December 31, 2011, the Company received proceeds of $99,000 from the exercise of 4,968 US Dollar Denominated Warrants with an exercise price of $20.00 per warrant. For the comparable period in 2010,the Company received proceeds of $76.1 million, primarily from the exercise of Series "B" warrants which expired on December 22, 2010, resulting in the issuance of 7,738,030 common shares.

As of March 22, 2012, there were 353,563,679 outstanding common shares, 2,487,127 share purchase options, 148,832 restricted share units and 2,712,740 share purchase warrants.

Risks and Uncertainties

The primary risk factors affecting the Company are set forth below. For discussion of additional risk factors, please refer to the Company's Annual Information Form, which is available on the Company's website, www.silverwheaton.com, and on SEDAR, www.sedar.com, or is available upon request from the Company.

COMMODITY PRICES

The price of the common shares and the Company's financial results may be significantly adversely affected by a decline in the price of silver or gold. The price of silver and gold fluctuates widely, especially in recent years, and is affected by numerous factors beyond the Company's control, including but not limited to, the sale or purchase of silver and gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major silver and gold producing countries throughout the world.

In the event that the prevailing market price of silver or gold is at or below the price at which the Company can purchase such pursuant to the terms of the agreements associated with its silver and gold interests, the Company will not generate positive cash flow or earnings.

The "Mining Operations" consist of the San Dimas mine, the Zinkgruvan mine, the Yauliyacu mine, the Stratoni mine, the Mineral Park mine, the Los Filos mine, the Peñasquito mine, the Campo Morado mine, the Keno Hill mine, the Neves-Corvo mine, the Cozamin mine, the Minto mine, the Barrick mines (including the Pascua-Lama project), the Aljustrel mine, the Rosemont project and the Loma de La Plata project. Silver and gold are by-product metals at all of the Mining Operations, other than at the Keno Hill mine and the Loma de La Plata project, and therefore, the economic cut-off applied to the reporting of silver and gold reserves and resources will be influenced by changes in the commodity prices of other metals at the mines.

RISKS RELATING TO MINING OPERATIONS

To the extent that they relate to the production of silver and gold from, or the continued operation of, the Mining Operations, the Company will be subject to the risk factors applicable to the operators of such mines or projects, including the following as more fully described in the Company's Annual Information Form: government regulations; international operations; exploration, development and operating risks; environmental regulation; permitting; compliance with laws; infrastructure; mineral reserve and mineral resource estimates; need for additional mineral reserves; land title; commodity price fluctuations; additional capital; and permitting, construction, development and expansion risk.

NO CONTROL OVER MINING OPERATIONS

The Company has agreed to purchase a certain percentage of the silver (and in some cases gold) produced by the Mining Operations. The Company is not directly involved in the ownership or operation of mines and has no contractual rights relating to the operation of the Mining Operations. As a result, the cash flow of the Company is dependent upon the activities of third parties which creates the risk that at any time those third parties may: (i) have business interests or targets that are inconsistent with those of the Company, (ii) take action contrary to the Company's policies or objectives, (iii) be unable or unwilling to fulfill their obligations under their agreements with the Company, or (iv) experience financial, operational or other difficulties, including insolvency, which could limit a third party's ability to perform its obligations under the silver purchase agreements or the precious metals purchase agreements. Except in limited circumstances, the Company will not be entitled to any material compensation if such operations do not meet their forecasted silver or gold production targets in any specified period or if the operations shut down or discontinue their operations on a temporary or permanent basis. There can be no assurance that the silver or gold production from such properties will ultimately meet forecasts or targets. At any time, any of the operators of the Mining Operations may decide to suspend or discontinue operations.

TAXES

The Company's operating profit is derived primarily from its subsidiaries, Silver Wheaton (Caymans) Ltd. and Silverstone Resources (Barbados) Corp., which are incorporated and operated in the Cayman Islands and Barbados, respectively, such that the Company's profits are subject to minimal income tax.

The introduction of new tax laws or regulations, or changes to, or differing interpretation of, or application of, existing tax laws or regulations in Canada, the Cayman Islands, Luxembourg, Barbados, the Netherlands or any of the countries in which the Mining Operations are located or to which shipments of silver or gold are made, could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. Due to the size, complexity and nature of the Company's operations, various tax matters are outstanding from time to time, including an audit by the Canada Revenue Agency of the Company's international transactions covering the 2005 to 2010 taxation years. No assurance can be given that new tax laws or regulations will not be enacted or that existing tax laws or regulations will not be changed, interpreted or applied in a manner which could have a material adverse effect on the Company.

CREDIT AND LIQUIDITY RISK

The Company is exposed to various counterparty risks and liquidity risks including, but not limited to: (i) through the companies with which the Company has silver or precious metal purchase agreements; (ii) through financial institutions that hold the Company's cash and cash equivalents; (iii) through companies that have payables to the Company, including concentrate customers; (iv) through the Company's insurance providers; and (v) through the Company's lenders. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these risks materialize, the Company's operations could be adversely impacted and the trading price of the common shares could be adversely affected.

COMPETITION

The Company competes with other companies for silver and precious metals purchase agreements and similar transactions. Some of these companies may possess greater financial and technical resources than the Company. Such competition may result in the Company being unable to enter into desirable silver and precious metals purchase agreements or similar transactions, to recruit or retain qualified employees or to acquire the capital necessary to fund its silver and precious metals purchase agreements. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for entering into additional silver and precious metals purchase agreements in the future.

ACQUISITION STRATEGY

As part of the Company's business strategy, it has sought and will continue to seek new exploration, mining and development opportunities in the resource industry. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into the Company. The Company cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit the Company.

MARKET PRICE OF THE COMMON SHARES AND THE COMMON SHARE PURCHASE WARRANTS

The common shares are listed and posted for trading on the Toronto Stock Exchange and on the New York Stock Exchange and the Company's common share purchase warrants are listed and posted for trading on the Toronto Stock Exchange. An investment in the Company's securities is highly speculative. Securities of companies involved in the resource industry have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. The price of the common shares and the Company's common share purchase warrants are also likely to be significantly affected by short-term changes in silver and gold prices, the Company's financial condition or results of operations as reflected in its quarterly earnings reports, and the other risk factors identified herein.

EQUITY PRICE RISK

The Company is exposed to equity price risk as a result of holding long-term investments in other exploration and mining companies. Just as investing in the Company is inherent with risks such as those set out in this MD&A, by investing in these other companies, the Company is exposed to the risks associated with owning equity securities and those risks inherent in the investee companies. The Company does not actively trade these investments.

DIVIDEND POLICY

The declaration, timing, amount and payment of dividends is at the discretion of the Board of Directors. There can be no assurance that the Company will continue to declare a dividend on a quarterly, annual or other basis.

DEPENDENCE UPON KEY MANAGEMENT PERSONNEL

The Company is dependent on the services of a small number of key executives who are highly skilled and experienced. The loss of these employees or the Company's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

LITIGATION

The Company is from time to time involved in various claims, legal proceedings and disputes arising in the ordinary course of business. If the Company is unable to resolve these disputes favorably, it may have a material adverse impact on the Company's financial performance, cash flow or results of operations.

OTHER RISKS

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Note 2 of the Company's audited consolidated financial statements describes all of the significant accounting policies.

SILVER AND GOLD INTERESTS

Attributable Reserve and Resource Estimates

Silver and gold interests are significant assets of the Company, with a carrying value of $1.9 billion at December 31, 2011. This amount represents the capitalized expenditures related to the acquisition of the silver and gold interests. The Company estimates the reserves and resources relating to each agreement. Reserves are estimates of the amount of silver or gold that can be economically and legally extracted from the mining properties at which the Company has silver or precious metal purchase agreements, adjusted where applicable to reflect the Company's percentage entitlement to silver and gold produced from such mines. The Company estimates its reserves and resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and require complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of the Company's silver and gold interests and depletion charges.

Depletion

As described above, the cost of these silver and gold interests is separately allocated to reserves, resources and exploration potential. The value allocated to reserves is classified as depletable and is depleted on a unit-of-sale basis over the estimated recoverable proven and probable reserves at the mine corresponding to the specific agreement. The value associated with resources and exploration potential is the value beyond proven and probable reserves at acquisition and is classified as non-depletable until such time as it is transferred to the depletable category as a result of the conversion of resources and / or exploration potential into reserves. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Changes in the estimated recoverable reserves, resources or exploration potential will directly impact the depletion rate used. Changes to depletion rates are accounted for prospectively.

Impairment of Assets

Management considers each silver and gold interest to be a separate cash generating unit, which is the lowest level for which cash inflows are largely independent of those of other assets. At the end of each reporting period, the Company reviews the carrying amounts of each silver and gold interest to determine whether there is any indication that those silver and gold interests have suffered an impairment loss. If such an indication exists, the recoverable amount of the silver and gold interest is estimated in order to determine the extent of the impairment (if any). The recoverable amount of each silver and gold interest is the higher of fair value less costs to sell ("Fair Value Approach") and value in use ("Value-In-Use Approach").

Under the Fair Value Approach, the net asset value ("NAV") methodology is used to determine the fair value that could be received from each silver and gold interest in an arm's length transaction at the measurement date. NAV is estimated by using an appropriate discount rate to calculate the present value of expected future cash flows associated with each mineral category. The values are adjusted for each mineral category dependent on the likelihood of conversion from resources to reserves. A market multiple is applied to the NAV computed in order to assess the estimated fair value. Silver and precious metal companies typically trade at a market capitalization that is based on a multiple of their underlying NAV. Consequently, a market participant would generally apply a NAV multiple when estimating the fair value of a silver and gold interest.

Under the Value-In-Use Approach, the net present value ("NPV") methodology is used. NPV is estimated by using a discount rate to calculate the present value of expected future cash flows. The discount rate is based on the Company's weighted average cost of capital, adjusted for various risks.

The expected future cash flows are management's best estimates of expected future revenues and costs. Under each method, expected future revenues reflect the estimated future production for each mine at which the Company has a silver purchase agreement or a precious metal purchase agreement based on detailed life of mine plans received from each of the partners. Included in these forecasts is the production of mineral resources that do not currently qualify for inclusion in proven and probable ore reserves where there is a high degree of confidence in its economic extraction. This is consistent with the methodology that is used to measure value beyond proven and probable reserves when allocating the purchase price to acquired silver and gold interests. Expected future revenues also reflect management's estimated long term metal prices, which are determined based on current prices, forward pricing curves and forecasts of expected long-term metal prices prepared by analysts. These estimates often differ from current price levels, but are consistent with how a market participant would assess future long-term metal prices. Estimated future cash costs are fixed based on the terms of each silver purchase agreement and precious metal purchase agreement, as disclosed in Note 21 to the financial statements.

If the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and an impairment charge is reflected as a component of net earnings so as to reduce the carrying amount to its recoverable value. A previously recognized impairment charge is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment charge was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depletion, had no impairment charge been recognized for the asset in prior years. Such reversal is reflected as a component of net earnings.

At December 31, 2011 and December 31, 2010 no indication of an impairment loss existed and, as such, no impairment charge was required.

VALUATION OF STOCK BASED COMPENSATION

The Company has various forms of stock based compensation, including share purchase options, restricted share units ("RSUs") and performance share units ("PSUs"). The calculation of the fair value of share purchase options, RSUs and PSUs issued requires the use of estimates as more fully described below.

The Company recognizes a stock based compensation expense for all share purchase options and RSUs awarded to employees, officers and directors based on the fair values of the share purchase options and RSUs at the date of grant. The fair values of share purchase options and RSUs at the date of grant are expensed over the vesting periods of the share purchase options and RSUs, respectively, with a corresponding increase to equity. The fair value of share purchase options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. Share purchase options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. The fair value of RSUs is the market value of the underlying shares at the date of grant. At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of any revisions to this estimate in the consolidated statement of earnings.

The Company recognizes a stock based compensation expense for PSUs which are awarded to eligible employees and are settled in cash. The related expense is based on the value of the anticipated settlement and multiplier for current performance at the end of the associated performance periods. This estimated expense is reflected as a component of net earnings over the vesting period of the PSUs with the related obligation recorded as a liability on the balance sheet. The amount of compensation expense is adjusted on a quarterly basis to reflect the fair market value of common shares and the number of PSUs anticipated to vest based on the anticipated performance factor. The accrued liability for PSUs that are forfeited are derecognized and recorded as a compensation cost recovery in the period of forfeiture.

REVENUE RECOGNITION

Revenue from the sale of silver and gold is recognized in the accounts when persuasive evidence of an arrangement exists, title and risk passes to the buyer, collection is reasonably assured and the price is reasonably determinable. Selling prices are determined at the point revenue is recognized by reference to active and freely traded commodity markets, for example the London Bullion Market for commodities, in an identical form to the product sold.

Where the Company acquires silver or gold in concentrate form, final silver or gold prices are set on a specified future period (the "Quotational Period") pursuant to the concentrate sales contracts with third-party smelters or traders, typically one to three months after the shipment date, based on market prices for silver or gold. Revenues and the associated cost of sales are recorded on a gross basis under these contracts at the time title passes to the buyer based on the forward price for the expected settlement period. The contracts, in general, provide for a provisional payment based upon provisional assays and quoted silver and gold prices. Final settlement, which generally occurs from three to six months after shipment, is based upon the average applicable price for the Quotational Period applied to the actual number of silver or gold ounces recovered calculated using confirmed smelter weights and settlement assays as specified in the concentrate sales contract. The Company's provisionally priced sales contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of concentrates measured at the forward price at the time of sale. The embedded derivative does not qualify for hedge accounting. The embedded derivative is recorded on the balance sheet as a derivative asset in Accounts Receivable or as a derivative liability in Accounts Payable and Accrued Liabilities and is adjusted to fair value through revenue each period until the date of final settlement.

At December 31, 2011, the Company had outstanding provisionally priced sales of $3.6 million where the quotational period pricing was estimated based on the forward price for silver, consisting of 0.1 million ounces of silver, which had a fair value adjustment of approximately $0.3 million associated with the embedded derivative. For each one cent per ounce increase or decrease in realized silver price, revenue would increase or decrease by approximately $1,200. At December 31, 2010, the Company had outstanding provisionally priced sales of $25.3 million where the quotational period pricing was estimated based on the forward price for silver and gold, consisting of 0.9 million ounces of silver and 3,600 ounces of gold, which had a fair value adjustment of approximately $805,000 associated with the embedded derivative. For each one cent per ounce increase or decrease in realized silver price, revenue would increase or decrease by approximately $8,800 and for each $1 per ounce increase or decrease in the realized price of gold, revenue would increase or decrease by approximately $3,600.

Financial Instruments

In order to mitigate the effect of short-term volatility in silver and gold prices, the Company will occasionally enter into forward contracts in relation to silver and gold deliveries that it is highly confident will occur within a given quarter. The Company does not hedge its long-term exposure to commodity prices. Other than these very short-term forward contracts, the Company has not used derivative financial instruments to manage the risks associated with its operations and therefore, in the normal course of business, it is inherently exposed to currency, interest rate and commodity price fluctuations. No forward contracts were outstanding at December 31, 2011.

The Company owns equity interests in several publicly traded mineral exploration, development and mining companies as long-term investments and therefore is inherently exposed to various risk factors including currency risk, market price risk and liquidity risk.

Changes in Accounting Policies

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Company has adopted IFRS for its 2011 fiscal year as required by the Canadian Accounting Standards Board. The Company provided information on its transition to IFRS in its 2010 Annual MD&A. The assessments and impacts discussed in the Company's 2010 Annual MD&A remain unchanged. To assist in understanding the impact of the Company's transition to IFRS on net earnings, a reconciliation of operating results prepared under previous Canadian Generally Accepted Accounting Principles ("Canadian GAAP" or "GAAP") to operating results prepared under IFRS for the three months ended March 31, 2010, June 30, 2010, September 30, 2010 and December 31, 2010, respectively, has been presented in the Quarterly Financial Review on page 13 of this MD&A. In addition, the Company has provided a detailed explanation of the impacts of this transition in Note 24 of its audited consolidated financial statements ("Note 24"). Note 24 includes reconciliations of the Company's balance sheet from Canadian GAAP to IFRS as at January 1, 2010 and December 31, 2010 in addition to a reconciliation of its net earnings and

comprehensive income for the year ended December 31, 2010. Explanations of the individual impacts of adopting IFRS identified in the reconciliations are also provided, as are the Company's elections under IFRS 1 "First-time Adoption of International Financial Reporting Standards". For a description of the Company's significant accounting policies under IFRS, please refer to Note 2 of the audited consolidated financial statements for the year ended December 31, 2011.

Future Changes in Accounting Policies

The International Accounting Standards Board has issued the following new or amended standards:

Standards required to be applied for periods beginning on or after July 1, 2011:

- IFRS 7 – Financial Instruments (amended 2010)

Standards required to be applied for periods beginning on or after January 1, 2012:

- IAS 12 – Income Taxes (amended 2010)

Standards required to be applied for periods beginning on or after July 1, 2012:

- IAS 1 - Presentation of Financial Statements (amended 2011)

Standards required to be applied for periods beginning on or after January 1, 2013:

- IFRS 9 (2010) – Financial Instruments (amended 2010)
- IFRS 10 - Consolidated Financial Statements ("IFRS 10")
- IFRS 11 - Joint Arrangements ("IFRS 11")
- IFRS 12 - Disclosure of Interests in Other Entities ("IFRS 12")
- IFRS 13 - Fair Value Measurement
- IAS 19 – Employee Benefits (amended 2011)
- IAS 27 - Separate Financial Statements (amended 2011) ("IAS 27")
- IAS 28 - Investments in Associates (amended 2011) ("IAS 28")
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

Early adoption of the above standards is permitted, however, IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 must be initially applied concurrently.

Based upon its current facts and circumstances, the Company does not expect to be materially affected by the application of these new standards.

Subsequent Event

Declaration of Dividend

On March 22, 2012, the Board of Directors declared a dividend in the amount of $0.09 per common share, representing 20% of the cash generated by operating activities during the three months ended December 31 2011, payable to shareholders of record on April 4, 2012. This dividend is expected to be distributed on or about April 17, 2012.

Controls and Procedures

Disclosure Controls and Procedures

Silver Wheaton's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the design and effectiveness of Silver Wheaton's disclosure controls and procedures, as defined in the rules of the U.S. Securities and Exchange Commission and Canadian Securities Administrators, as of December 31, 2011. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that Silver Wheaton's disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2011.

Internal Control Over Financial Reporting

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, the 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 IFRS. The Company's controls include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and,
- 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 annual financial statements or interim financial statements.

There have been no changes in the Company's internal control over financial reporting ("ICFR") during the year ended December 31, 2011 that would materially affect, or is reasonably likely to materially affect, the Company's ICFR.

The Company's management, including its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting using the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that the internal control over financial reporting was effective at the reasonable assurance level as of December 31, 2011.

Limitation of Controls and Procedures

The Company's management, including its Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Attributable Reserves and Resources [1]

The following tables set forth the estimated Mineral Reserves and Mineral Resources (silver only, except where a purchase agreement includes gold) for the mines relating to which the Company has purchase agreements, adjusted where applicable to reflect the Company's percentage entitlement to silver and/or gold produced from such mines, as of December 31, 2011, unless otherwise noted. The tables are based on information available to the Company as of the date of this document, and therefore will not reflect updates, if any, after such date. The most current Mineral Reserves and Mineral Resources will be available on the Company's website:

ATTRIBUTABLE PROVEN AND PROBABLE RESERVES [1,2,3,8,14,15]
AS OF DECEMBER 31, 2011 UNLESSOTHERWISE NOTED[6]

	Proven			Probable			Proven & Probable			
SILVER	Tonnage Mt	Grade g/t	Contained M oz	Tonnage Mt	Grade g/t	Contained M oz	Tonnage Mt	Grade g/t	Contained M oz	Process Recovery % [7]
Peñasquito (25%)										
Mill	156.6	28.9	145.5	129.3	20.2	83.8	285.9	24.9	229.3	53-65%
Heap Leach	8.3	14.4	3.9	23.0	9.4	6.9	31.4	10.7	10.8	24%
San Dimas[10]	2.1	364.0	24.8	3.8	314.7	38.1	5.9	332.5	62.9	94%
Pascua-Lama (25%)	9.9	59.5	18.9	86.3	54.1	150.2	96.2	54.7	169.1	82%
Lagunas Norte[11]	3.3	3.2	0.3	37.6	3.2	3.9	40.9	3.2	4.2	22%
Pierina[11]	2.1	19.9	1.3	18.9	10.8	6.6	21.0	11.8	8.0	37%
Veladero[11]	3.7	13.4	1.6	61.3	13.4	26.5	65.0	13.4	28.1	6%
Yauliyacu[12]	1.0	99.6	3.3	2.7	105.9	9.1	3.7	104.2	12.4	85%
Neves-Corvo										
Copper	23.2	44.0	32.9	4.5	45.0	6.5	27.7	44.2	39.4	35%
Zinc	19.4	67.0	41.7	3.8	64.0	7.8	23.1	66.5	49.5	23%
Rosemont[13]	128.8	4.5	18.5	366.8	3.8	44.5	495.6	3.9	62.9	80%
Mineral Park[13]	293.9	2.7	25.7	74.5	2.9	7.0	368.4	2.8	32.6	49%
Zinkgruvan										
Zinc	8.2	103.0	27.2	2.4	60.0	4.7	10.7	93.1	31.9	70%
Copper	2.8	32.0	2.8	0.1	29.0	0.1	2.8	31.9	2.9	78%
Aljustrel										
Copper	2.2	19.2	1.3	8.4	15.3	4.1	10.6	16.1	5.5	30%
Campo Morado (75%)	0.7	166.7	3.8	0.1	123.4	0.3	0.8	162.6	4.1	55%
Stratoni	1.7	174.0	9.3	0.1	225.0	0.7	1.8	177.0	10.0	84%
Minto	7.8	5.4	1.3	5.1	4.9	0.8	12.9	5.2	2.1	80%
Cozamin										
Copper	1.6	76.3	4.0	5.9	59.0	11.3	7.5	62.7	15.2	74%
Zinc	-	-	-	1.9	37.2	2.2	1.9	37.2	2.2	74%
Los Filos	81.0	5.2	13.5	231.2	5.4	40.2	312.2	5.3	53.6	5%
Total Silver			**381.4**			**455.3**			**836.7**	
GOLD										
Minto	7.8	0.63	0.16	5.1	0.54	0.09	12.9	0.60	0.25	74%
Total Gold			**0.16**			**0.09**			**0.25**	

ATTRIBUTABLE MEASURED & INDICATED RESOURCES[1,2,3,4,5,9,14,15]
AS OF DECEMBER 31, 2011 UNLESSOTHERWISE NOTED[6]

	Measured			Indicated			Measured & Indicated		
SILVER	Tonnage Mt	Grade g/t	Contained M oz	Tonnage Mt	Grade g/t	Contained M oz	Tonnage Mt	Grade g/t	Contained M oz
Peñasquito (25%)									
Mill	34.1	13.1	14.4	128.2	12.4	51.1	162.3	12.6	65.5
Heap Leach	1.0	4.6	0.2	6.2	3.9	0.8	7.2	4.0	0.9
Pascua-Lama (25%)	5.3	24.5	4.2	55.9	23.4	42.1	61.2	23.5	46.3
Yauliyacu[12]	0.7	108.5	2.5	6.1	192.4	37.8	6.8	183.5	40.3
Neves-Corvo									
Copper	15.4	53.0	26.2	3.4	51.2	5.6	18.8	52.7	31.8
Zinc	42.7	54.3	74.6	14.5	49.5	23.0	57.2	53.1	97.6
Rosemont[13]	7.2	3.9	0.9	103.0	2.7	8.8	110.2	2.7	9.7
Mineral Park[13]	101.0	2.6	8.4	175.6	2.7	15.2	276.6	2.7	23.6
Zinkgruvan									
Zinc	0.9	123.4	3.8	3.3	109.5	11.5	4.2	112.6	15.2
Copper	2.7	24.4	2.1	0.1	38.5	0.1	2.8	24.9	2.2
Aljustrel									
Zinc	1.3	65.6	2.7	20.5	60.3	39.7	21.8	60.7	42.4
Copper	-	-	-	0.1	11.7	0.04	0.1	11.7	0.04
Campo Morado (75%)	2.1	162.1	10.8	4.4	158.0	22.5	6.5	159.3	33.2
Loma de La Plata (12.5%)	-	-	-	3.6	169.0	19.8	3.6	169.0	19.8
Minto	5.4	3.8	0.6	19.2	2.9	1.8	24.6	3.1	2.4
Cozamin									
Copper	0.6	81.5	1.5	1.0	54.9	1.8	1.6	64.3	3.3
Keno Hill (25%)									
Underground	-	-	-	0.3	545.4	4.5	0.3	545.4	4.5
Elsa Tailings	-	-	-	0.6	119.0	2.4	0.6	119.0	2.4
Los Filos	7.9	9.5	2.4	42.7	7.2	9.9	50.6	7.6	12.4
Total Silver			**155.2**			**298.4**			**453.6**
GOLD									
Minto	5.4	0.47	0.08	19.2	0.24	0.15	24.6	0.29	0.23
Total Gold			**0.08**			**0.15**			**0.23**

ATTRIBUTABLE INFERRED RESOURCES [1,2,3,4,5,9,14,15]
AS OF DECEMBER 31, 2011 UNLESS OTHERWISE NOTED [6]

	Inferred		
SILVER	Tonnage Mt	Grade g/t	Contained M oz
Peñasquito (25%)			
Mill	36.7	8.8	10.4
Heap Leach	14.1	1.7	0.8
San Dimas [10]	16.9	329.8	178.7
Pascua-Lama (25%)	8.1	15.5	4.0
Yauliyacu [12]	13.8	163.5	72.7
Neves-Corvo			
Copper	28.5	40.0	36.6
Zinc	33.0	55.0	58.3
Rosemont [13]	163.0	2.1	11.2
Mineral Park [13]	320.1	2.3	23.9
Zinkgruvan			
Zinc	5.6	69.0	12.4
Copper	0.8	36.0	0.9
Aljustrel			
Zinc	8.7	50.4	14.0
Copper	4.7	16.0	2.4
Campo Morado (75%)	2.4	117.3	9.1
Stratoni	0.7	217.0	4.7
Loma de La Plata (12.5%)	0.2	76.0	0.4
Minto	6.0	2.8	0.5
Cozamin			
Copper	2.4	52.6	4.0
Zinc	1.7	30.1	1.6
Keno Hill (25%)			
Underground	0.1	340.1	1.4
Los Filos	158.4	5.9	29.9
TOTAL SILVER			**477.9**
GOLD			
Minto	6.0	0.25	0.05
TOTAL GOLD			**0.05**

Notes:

1. All Mineral Reserves and Mineral Resources have been calculated in accordance with the CIM Standards and NI 43-101, or the AusIMM JORC equivalent.
2. Mineral Reserves and Mineral Resources are reported above in millions of metric tonnes ("Mt"), grams per metric tonne ("g/t") and millions of ounces ("Moz").
3. Individual qualified persons ("QPs"), as defined by the NI 43-101, for the Mineral Reserve and Mineral Resource estimates are as follows:
    a. Peñasquito – Guillermo Pareja, Ph.D., P.Geo. (Manager, Mineral Resources), Peter Nahan, P.Eng. (Senior Evaluation Engineer), both employees of Goldcorp Inc.
    b. San Dimas –Velasquez Spring, P.Eng. (Senior Geologist, Watts, Griffis and McOuat Limited).
    c. Pascua-Lama – Dino Pilotto, P.Eng. (Principal Mining Consultant, SRK Consulting (Canada) Inc.); Bart A. Stryhas, Ph.D., CPG (Principal Resource Geologist, SRK Consulting (U.S.) Inc.).
    d. Yauliyacu – Neil Burns, M.Sc., P.Geo. (Vice President, Technical Services); Samuel Mah, M.A.Sc., P.Eng. (Director of Engineering), both employees of the Company (the "Company's QPs").

    The Company's QPs are responsible for overall corporate review and all other operations and development projects.
4. The Mineral Resources reported in the above tables are **exclusive** of Mineral Reserves. The Minto, Cozamin, Campo Morado, Neves-Corvo, Zinkgruvan and Aljustrel mines report Mineral Resources inclusive of Mineral Reserves. The Company's QPs have made the exclusive Mineral Resource estimates for these mines based on average mine recoveries and dilution.
5. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.
6. Other than as detailed below, Mineral Reserves and Mineral Resources are reported as of December 31, 2011, based on information available to the Company as of the date of this document, and therefore will not reflect updates, if any, after such date. The most current Mineral Reserves and Mineral Resources will be available on the Company's website.
    a. Resources and Reserves for San Dimas are reported as of December 31, 2010.
    b. Resources and Reserves for Yauliyacu, Neves-Corvo and Zinkgruvan are reported as of June 30, 2011.
    c. Resources for Rosemont are reported as of October 22, 2008 and Reserves as of March 17, 2009.
    d. Resources for Mineral Park are reported as of December 29, 2006.
    e. Resources and Reserves for Aljustrel's Feitais and Moinho deposits are reported as of November 30, 2010, Resources for the Estaçao deposit are reported as of December 31, 2007.
    f. Resources for Campo Morado's El Rey, Naranjo and Reforma deposits are reported as of October 13, 2005.
    g. Resources and Reserves for Stratoni are reported as of August 10, 2010.
    h. Resources and Reserves for Minto are reported as of December 31, 2010.
    i. Resources and Reserves for Cozamin are reported as of December 31, 2009.
    j. Resources for Keno Hill's Lucky Queen and Onek deposits are reported as of June 30, 2011 and April 22, 2010 for the Elsa Tailings.
    k. Resources for Loma de La Plata are reported as of May 20, 2009.
7. Process recoveries are the average percentage of silver in a saleable product (doré or concentrate) recovered from mined ore at the applicable site process plants as reported by the operators.
8. Mineral Reserves are estimated using appropriate process recovery rates and commodity prices of $20.00 per ounce of silver, unless otherwise noted below:
    a. Pascua-Lama, Lagunas Norte, Veladero and Pierina – $22.00 per ounce.
    b. Yauliyacu - $30.00 per ounce.
    c. Neves-Corvo – 1.4% Cu cut-off for the copper Reserve and 5.0% Zn cut-off for the all zinc Reserves except for Lombador which was reported above a cut-off of 6.0% Zn.
    d. Rosemont –$10.00 per ounce.
    e. Mineral Park – $7.50 per ounce.
    f. Zinkgruvan – 3.7% Zn equivalent cut-off for the zinc Reserve and 1.8% Cu cut-off for the copper Reserve.
    g. Aljustrel – 1.5% Cu cut-off for all copper Reserves, 4.5% Zn cut-off for all zinc Reserves.
    h. Campo Morado - $30.00 per ounce.
    i. Minto – $3.90 per ounce silver and $300 per ounce gold.
    j. Cozamin – $4.00 per ounce.
9. Mineral Resources are estimated using appropriate recovery rates and commodity prices of $24.00 per ounce of silver, unless otherwise noted below:
    a. Pascua-Lama, Lagunas Norte, Veladero and Pierina – $28.00 per ounce.
    b. Yauliyacu – $30.00 per ounce.
    c. Neves-Corvo – 1.0% Cu cut-off for the copper Resource and 3.0% Zn cut-off for the zinc Resource.
    d. Rosemont – 0.2% Cu cut-off.

e. Zinkgruvan – 3.1% Zn equivalent cut-off for the zinc Resource and 1.5% Cu cut-off for the copper Resource.
f. Mineral Park – $7.50 per ounce.
g. Aljustrel – 1.5% Cu cut-off for all copper Resources, 4.5% Zn cut-off for Feitais and Moinho zinc Resources and 4.0% for Estação zinc Resources.
h. Campo Morado – $30.00 per ounce for the G-9 zones and 5% Zn cut-off for the El Rey, Naranjo and Reforma deposits.
i. Loma de La Plata – $12.50 per ounce.
j. Minto – $12.00 per ounce silver and $900 per ounce gold.
k. Cozamin – 1.15% Cu cut-off for San Roberto Area and 3.0% Zn cut-off for San Rafael Area.
l. Keno Hill – $15.25 per ounce for the Southwest and 99 Zones, $14.50 per ounce for the East Zone, $17.00 per ounce for the Elsa Tailings and $18.50 per ounce for the Lucky Queen and Onek deposits.

10. The San Dimas silver purchase agreement provides that from August 6, 2010 until August 5, 2014, Primero will deliver to the Company a per annum amount equal to the first 3.5 million ounces of payable silver produced at San Dimas and 50% of any excess, plus the Company will receive an additional 1.5 million ounces of silver per annum to be delivered by Goldcorp. Beginning August 6, 2014, Primero will deliver to the Company a per annum amount equal to the first 6.0 million ounces of payable silver produced at San Dimas and 50% of any excess, for the life of the mine. As per Primero's press release on January 17, 2012, Primero is undertaking a review of the reserve and resource estimation methods currently, and historically, used at San Dimas in order to determine whether other estimation methods might be used to improve predictability of operating results and, therefore, assist long term planning. While the results of this review are not currently known, the adoption of any new estimation methods may result in the Silver Wheaton reporting different and potentially lower total mineral reserve and total mineral resource numbers. Primero also states in their press release that it is not expected that any potential change in estimates will change the level of confidence Primero has in the ultimate mineral potential of San Dimas and that the review of estimation methodology is being driven by a desire to determine if greater operating predictability and improved mine planning can be achieved.
11. The Company's attributable tonnage at Pierina was estimated by assuming 2011 production level for the remaining two years. The Company's attributable tonnage at Lagunas Norte and Veladero was estimated by assuming 2012 and 2013 processed tonnes based on Barrick's life of mine ("LOM") plans. Tonnes for all three operations were pro-rated between Proven and Probable Mineral Reserves according to the ratio of Barrick's December 31, 2011 Proven and Probable Mineral Reserves. Average reserve grades were applied to the Pierina estimates and the average LOM plan grades were applied to Lagunas Norte and Veladero. LOM plans and December 31, 2011 Mineral Reserves estimates are as published by Barrick.
12. The Company's Yauliyacu silver purchase agreement (March 2006) with Glencore International AG provides for the delivery of up to 4.75 million ounces of silver per year for 20 years. In the event that silver produced at Yauliyacu in any year totals less than 4.75 million ounces, the maximum amount to be sold to the Company in subsequent years will be increased to make up the shortfall, so long as production allows. Depending upon production levels, it is possible that the Company's current attributable tonnage may not be mined before the agreement expires.
13. The Mineral Park and Rosemont Resources and Reserves do not include the SX/EW leach material since this process does not recover silver.
14. The Company has filed a technical report for each of its mineral projects considered to be material to the Company, being San Dimas, Yauliyacu, Peñasquito and Pascua-Lama, which are available on SEDAR at www.sedar.com.
15. Silver is produced as a by-product metal at all operations with the exception of the Keno Hill mine and Loma de La Plata project; therefore, the economic cut-off applied to the reporting of silver Resources and Reserves will be influenced by changes in the commodity prices of other metals at the time.

Cautionary Note Regarding Forward-Looking Statements

The information contained herein contains “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking statements, which are all statements other than statements of historical fact, include, but are not limited to, statements with respect to the future price of silver or gold, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, reserve determination, reserve conversion rates and statements as to any future dividends. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Silver Wheaton to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: fluctuations in the price of silver or gold; the absence of control over mining operations from which Silver Wheaton purchases silver and gold and risks related to these mining operations including risks related to fluctuations in the price of the primary commodities mined at such operations, actual results of mining and exploration activities, economic and political risks of the jurisdictions in which the mining operations are located and changes in project parameters as plans continue to be refined; and differences in the interpretation or application of tax laws and regulations; as well as those factors discussed in the section entitled “Description of the Business - Risk Factors” in Silver Wheaton's Annual Information Form available on SEDAR at www.sedar.com and in Silver Wheaton's Form 40-F on file with the U.S. Securities and Exchange Commission in Washington, D.C. Forward-looking statements are based on assumptions management believes to be reasonable, including but not limited to: the continued operation of the mining operations from which Silver Wheaton purchases silver and gold, no material adverse change in the market price of commodities, that the mining operations will operate and the mining projects will be completed in accordance with their public statements and achieve their stated production outcomes, and such other assumptions and factors as set out herein. Although Silver Wheaton has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements. Silver Wheaton does not undertake to update any forward-looking statements that are included or incorporated by reference herein, except in accordance with applicable securities laws.

Cautionary Language Regarding Reserves And Resources

For further information on Mineral Reserves and Mineral Resources and on Silver Wheaton more generally, readers should refer to Silver Wheaton’s Annual Information Form for the year ended December 31, 2011 and other continuous disclosure documents filed by Silver Wheaton since January 1, 2012, available on SEDAR at www.sedar.com. Silver Wheaton’s Mineral Reserves and Mineral Resources are subject to the qualifications and notes set forth therein. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources: The information contained herein uses the terms “Measured”, “Indicated” and “Inferred” Mineral Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them and expressly prohibits U.S. registered companies from including such terms in their filings with the SEC. “Inferred Mineral Resources” have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable. United States investors are urged to consider closely the disclosure in Silver Wheaton’s Form 40-F, a copy of which may be obtained from Silver Wheaton or from http://www.sec.gov/edgar.shtml.

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Silver Wheaton Corp. ("Silver Wheaton") were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that must of necessity be based on estimates and judgments. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Financial information appearing throughout our Management's Discussion and Analysis ("MD&A") is consistent with these consolidated financial statements.

In discharging our responsibility for the integrity and fairness of the consolidated financial statements and for the accounting systems from which they are derived, we maintain and rely on a comprehensive system of internal controls designed to ensure that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include business planning; delegation of authority; careful selection and hiring of staff; accountability for performance within appropriate and well-defined areas of responsibility; and the communication of policies and guidelines of business conduct throughout the company.

The Board of Directors oversees management's responsibilities for financial reporting through the Audit Committee, which is composed entirely of directors who are neither officers nor employees of Silver Wheaton. The Audit Committee reviews Silver Wheaton's interim and annual consolidated financial statements and MD&A and recommends them for approval by the Board of Directors. Other key responsibilities of the Audit Committee include monitoring Silver Wheaton's system of internal controls, monitoring its compliance with legal and regulatory requirements, selecting the external auditors and reviewing the qualifications, independence and performance of the external auditors.

Deloitte & Touche LLP, Independent Registered Chartered Accountants, appointed by the shareholders of Silver Wheaton upon the recommendation of the Audit Committee and Board, have performed an independent audit of the consolidated financial statements and their report follows. The auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings.

/s/ Randy Smallwood

Randy Smallwood

President & Chief Executive Officer

/s/ Gary Brown

Gary Brown

Senior Vice President & Chief Financial Officer

March 22, 2012

Report of Independent Registered Chartered Accountants

To the Board of Directors and Shareholders of Silver Wheaton Corp.

We have audited the accompanying consolidated financial statements of Silver Wheaton Corp. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010, and the consolidated statements of earnings, comprehensive income, cash flows and shareholders' equity for the years ended December 31, 2011 and December 31, 2010, and 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence 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 entity'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 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Silver Wheaton Corp. and subsidiaries as at December 31, 2011, December 31, 2010 and January 1, 2010 and their financial performance and cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 22, 2012 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Independent Registered Chartered Accountants

Vancouver, Canada
March 22, 2012

Management's Report on Internal Control Over Financial Reporting

Management of Silver Wheaton Corp. ("Silver Wheaton") is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of the Chief Executive Officer and the Chief Financial Officer and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS"). It includes those policies and procedures that:

i. pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions related to Silver Wheaton's assets

ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and Silver Wheaton receipts and expenditures are made only in accordance with authorizations of management and Silver Wheaton's directors

iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Silver Wheaton's assets that could have a material effect on Silver Wheaton's financial statements.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Silver Wheaton's internal control over financial reporting as of December 31, 2011, based on the criteria set forth in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2011, Silver Wheaton's internal control over financial reporting was effective.

The effectiveness of Silver Wheaton's internal control over financial reporting, as of December 31, 2011, has been audited by Deloitte & Touche LLP, Independent Registered Chartered Accountants, as stated in their report which appears on the following page.

/s/ Randy Smallwood

Randy Smallwood

President & Chief Executive Officer

/s/ Gary Brown

Gary Brown

Senior Vice President & Chief Financial Officer

March 22, 2012

Report of Independent Registered Chartered Accountants

To the Shareholders and Board of Directors of Silver Wheaton Corp.

We have audited the internal control over financial reporting of Silver Wheaton Corp. and subsidiaries (the "Company") as of December 31, 2011, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's 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 the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit 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. Our audit included 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 considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2011 of the Company and our report dated March 22, 2012 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Independent Registered Chartered Accountants

Vancouver, Canada
March 22, 2012

Consolidated Statements of Earnings

(US dollars and shares in thousands, except per share amounts)	Note	Year Ended December 31 2011	2010
Sales	5	$ 729,997	$ 423,353
Cost of sales			
Cost of sales, excluding depletion		$ 86,266	$ 82,749
Depletion		57,457	57,571
Total cost of sales		$ 143,723	$ 140,320
Earnings from operations		$ 586,274	$ 283,033
Expenses and other income			
General and administrative[1]	6	$ 25,180	$ 24,669
Loss on fair value adjustment of Canadian dollar share purchase warrants issued	12	-	133,210
Foreign exchange gain		(453)	(2,266)
Other expense (income)		3,182	(16,089)
		$ 27,909	$ 139,524
Earnings before tax		$ 558,365	$ 143,509
Income tax (expense) recovery	20	(8,337)	9,872
Net earnings		$ 550,028	$ 153,381
Basic earnings per share		$ 1.56	$ 0.45
Diluted earnings per share		$ 1.55	$ 0.44
Weighted average number of shares outstanding			
Basic	16	353,249	344,288
Diluted	16	355,904	346,508
1) Equity settled stock based compensation (a non-cash item) included in general and administrative expenses.		$ 6,329	$ 7,732

Consolidated Statements of Comprehensive Income

(US dollars in thousands)	Note	Year Ended December 31 2011	2010
Net earnings		$ 550,028	$ 153,381
Other comprehensive income			
(Loss) gain on long-term investments - common shares held	8	$ (119,114)	$ 146,343
Deferred income tax recovery (expense)	20	10,699	(14,422)
Total other comprehensive (loss) income		$ (108,415)	$ 131,921
Total comprehensive income		$ 441,613	$ 285,302

The accompanying notes form an integral part of these audited consolidated financial statements.

Consolidated Balance Sheets

(US dollars in thousands)	Note	December 31 2011	December 31 2010	January 1 2010
Assets				
Current assets				
Cash and cash equivalents		$ 840,201	$ 428,636	$ 227,566
Accounts receivable	7	3,890	7,088	4,881
Other		1,221	727	1,027
Total current assets		$ 845,312	$ 436,451	$ 233,474
Non-current assets				
Silver and gold interests	9	$ 1,871,726	$ 1,912,877	$ 1,928,476
Long-term investments	8	151,621	284,448	73,747
Deferred income taxes	20	2,301	-	-
Other		1,375	1,607	1,852
Total non-current assets		$ 2,027,023	$ 2,198,932	$ 2,004,075
Total assets		$ 2,872,335	$ 2,635,383	$ 2,237,549
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		$ 8,709	$ 9,843	$ 10,302
Current portion of bank debt	10	28,560	28,560	28,560
Current portion of silver interest payments	11	130,789	133,243	130,788
Total current liabilities		$ 168,058	$ 171,646	$ 169,650
Non-current liabilities				
Deferred income taxes	20	$ -	$ 822	$ -
Liability for Canadian dollar share purchase warrants	12	-	-	51,967
Long-term portion of bank debt	10	50,060	78,620	107,180
Long-term portion of silver interest payments	11	-	122,346	236,796
Total non-current liabilities		$ 50,060	$ 201,788	$ 395,943
Total liabilities		$ 218,118	$ 373,434	$ 565,593
Shareholders' Equity				
Issued capital	13	$ 1,793,772	$ 1,782,510	$ 1,476,480
Reserves	14	25,422	135,364	4,611
Retained earnings		835,023	344,075	190,865
Total shareholders' equity		$ 2,654,217	$ 2,261,949	$ 1,671,956
Total liabilities and shareholders' equity		$ 2,872,335	$ 2,635,383	$ 2,237,549
Commitments and contingencies	10, 21			

/s/ Randy Smallwood
Randy Smallwood
Director

/s/ John Brough
John Brough
Director

The accompanying notes form an integral part of these audited consolidated financial statements.

Consolidated Statements of Cash Flows

(US dollars in thousands)	Note	Year Ended December 31 2011	2010
Operating Activities			
Net earnings		$ 550,028	$ 153,381
Adjustments for			
Depreciation and depletion		57,720	57,839
Equity settled stock based compensation		6,329	7,732
Deferred income tax expense (recovery)	20	7,575	(10,248)
Loss on fair value adjustment of Canadian dollar share purchase warrants issued	12	-	133,210
Loss (gain) on fair value adjustment of share purchase warrants held	8	3,118	(10,719)
Gain on disposal of silver purchase agreement		-	(5,911)
Investment income recognized in net earnings		(929)	(510)
Other		(84)	(3,514)
Change in non-cash operating working capital	17	1,786	(2,009)
Operating cash flows before interest income		$ 625,543	$ 319,251
Interest income received		884	475
Cash generated by operating activities		$ 626,427	$ 319,726
Financing Activities			
Bank debt repaid	10	$ (28,560)	$ (28,560)
Share issue costs		-	(85)
Share purchase warrants exercised		99	76,093
Share purchase options exercised		7,839	32,335
Dividends paid	13.2	(63,612)	-
Cash (applied to) generated by financing activities		$ (84,234)	$ 79,783
Investing Activities			
Silver and gold interests		$ (140,063)	$ (170,661)
Silver and gold interests - interest paid		(1,260)	(1,739)
Acquisition of long-term investments	8	(13,674)	(54,107)
Dividend income received		45	35
Proceeds on disposal of long-term investments	8	24,270	469
Proceeds on disposal of silver purchase agreement		-	25,000
Other		(54)	(287)
Cash applied to investing activities		$ (130,736)	$ (201,290)
Effect of exchange rate changes on cash and cash equivalents		$ 108	$ 2,851
Increase in cash and cash equivalents		$ 411,565	$ 201,070
Cash and cash equivalents, beginning of year		428,636	227,566
Cash and cash equivalents, end of year		$ 840,201	$ 428,636

At December 31, 2011, the Company's cash and cash equivalents consisted of $119.3 million in cash (December 31, 2010 - $154.1 million) and $720.9 million in cash equivalents (December 31, 2010 - $274.5 million). Cash equivalents include short-term deposits, treasury bills, commercial paper, bankers' depository notes and bankers' acceptances with terms to maturity of less than three months.

The accompanying notes form an integral part of these audited consolidated financial statements.

Consolidated Statements of Shareholders' Equity

(US dollars in thousands)	Issued Capital	Share Purchase Warrants Reserve	Share Purchase Options Reserve	Restricted Share Units Reserve	Long-Term Investment Revaluation Reserve (Net of Tax) Share Price	Foreign Exchange	Retained Earnings	**Total**
At January 1, 2010	$ 1,476,480	$ 7,414	$ 12,387	$ 814	$ (28,599)	$ 12,595	$ 190,865	**$ 1,671,956**
Total comprehensive income								
Net earnings	$ -	$ -	$ -	$ -	$ -	$ -	$ 153,381	**$ 153,381**
Other comprehensive income	-	-	-	-	120,702	11,219	-	**131,921**
Total comprehensive income	$ -	$ -	$ -	$ -	$ 120,702	$ 11,219	$ 153,381	**$ 285,302**
Fair value of SBC [1]	$ -	$ -	$ 5,977	$ 1,755	$ -	$ -	$ -	**$ 7,732**
Options [1] exercised	40,846	-	(8,511)	-	-	-	-	**32,335**
RSUs [1] released	617	-	-	(617)	-	-	-	**-**
Warrants [1] exercised	261,215	-	-	-	-	-	-	**261,215**
Warrants [1] expired	-	57	-	-	-	-	-	**57**
Realized loss on disposal of LTI's [1]	-	-	-	-	219	(48)	(171)	**-**
DIT [1] recovery	3,352	-	-	-	-	-	-	**3,352**
At December 31, 2010	$ 1,782,510	$ 7,471	$ 9,853	$ 1,952	$ 92,322	$ 23,766	$ 344,075	**$ 2,261,949**
Total comprehensive income								
Net earnings	$ -	$ -	$ -	$ -	$ -	$ -	$ 550,028	**$ 550,028**
Other comprehensive loss	-	-	-	-	(108,263)	(152)	-	**(108,415)**
Total comprehensive income	$ -	$ -	$ -	$ -	$ (108,263)	$ (152)	$ 550,028	**$ 441,613**
Fair value of SBC [1]	$ -	$ -	$ 4,674	$ 1,655	$ -	$ -	$ -	**$ 6,329**
Options [1] exercised	10,052	-	(2,213)	-	-	-	-	**7,839**
RSUs [1] released	1,097	-	-	(1,097)	-	-	-	**-**
Warrants [1] exercised	113	(14)	-	-	-	-	-	**99**
Realized gain on disposal of LTI's [1]	-	-	-	-	(2,695)	(1,837)	4,532	**-**
Dividends paid [2]	-	-	-	-	-	-	(63,612)	**(63,612)**
At December 31, 2011	**$ 1,793,772**	**$ 7,457**	**$ 12,314**	**$ 2,510**	**$ (18,636)**	**$ 21,777**	**$ 835,023**	**$ 2,654,217**

1) Definitions as follows: "SBC" = Equity Settled Stock Based Compensation; "Options" = Share Purchase Options; "RSUs" = Restricted Share Units; "Warrants" = Share Purchase Warrants; "LTI's" = Long-Term Investments in Common Shares Held; "DIT recovery" = Deferred Income Tax recovery related to share issue costs.
2) Total cash dividends of $0.18 per common share were paid during the year ended December 31, 2011.

The accompanying notes form an integral part of these audited consolidated financial statements.

1. Description of Business and Nature of Operations

Silver Wheaton Corp. ("Silver Wheaton" or the "Company") is a mining company which generates its revenue primarily from the sale of silver. The Company is incorporated and domiciled in Canada, and its registered office is at Suite 3150 – 666 Burrard Street, Vancouver, British Columbia, V6C 2X8. The Company trades on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") under the symbol SLW. In addition, the Company has share purchase warrants that trade on the TSX under the symbol SLW.WT.U.

To date, the Company has entered into 14 long-term silver purchase agreements and two long-term precious metal purchase agreements, relating to 19 different mining assets, whereby Silver Wheaton acquires silver and gold production from the counterparties for a per ounce cash payment at or below the prevailing market price. During the year ended December 31, 2011, the per ounce price paid by the Company for silver and gold under the agreements averaged $3.99 and $300, respectively. The primary drivers of the Company's financial results are the volume of silver production at the various mines and the price of silver realized by Silver Wheaton upon sale.

The consolidated financial statements of the Company for the year ended December 31, 2011 were authorized for issue in accordance with a resolution of the Board of Directors dated on March 22, 2012.

2. Significant Accounting Policies

2.1. Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a historical cost basis, except for derivative financial instruments which have been measured at fair value as at the relevant balance sheet date. The consolidated financial statements are presented in United States ("US") dollars, which is the Company's functional currency, and all values are rounded to the nearest thousand US dollars (US$ 000's) unless otherwise noted. References to Cdn$ refer to Canadian dollars.

2.2. Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

As the year ended December 31, 2011 represents the first year that the Company is presenting its results and financial position under IFRS, these consolidated financial statements were prepared in accordance with IFRS 1, First-time Adoption of IFRS ("IFRS 1"), as more fully described in Note 24. The policies set out below were consistently applied to all the periods presented unless otherwise stated.

The Company's consolidated financial statements were previously prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP" or "GAAP"). Canadian GAAP differs in some areas from IFRS. In preparing these consolidated financial statements, management has amended certain accounting and valuation methods previously applied in the Canadian GAAP financial statements to comply with IFRS. The comparative figures for 2010 were restated to reflect these adjustments. Reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, earnings and comprehensive income are described in Note 24.

The preparation of financial statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.3. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its 100% owned subsidiaries Silver Wheaton (Caymans) Ltd. ("SW Caymans") and Silverstone Resources (Barbados) Corp. ("SST Barbados").

Subsidiaries are fully consolidated from the date on which the Company obtains a controlling interest. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from the entity's activities. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Balances, transactions, income and expenses between the Company and its subsidiaries are eliminated on consolidation.

2.4. Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid money market investments including short-term deposits, treasury bills, commercial paper, bankers' depository notes and bankers' acceptances with terms to maturity of less than three months.

2.5. Revenue Recognition

Revenue from the sale of silver and gold is recognized in the accounts when persuasive evidence of an arrangement exists, title and risk passes to the buyer, collection is reasonably assured and the price is reasonably determinable. Selling prices are determined at the point revenue is recognized by reference to active and freely traded commodity markets, for example the London Bullion Market for commodities, in an identical form to the product sold.

Where the Company acquires silver or gold in concentrate form, final silver or gold prices are set on a specified future period (the "Quotational Period") pursuant to the concentrate sales contracts with third-party smelters or traders, typically one to three months after the shipment date, based on market prices for silver or gold. Revenues and the associated cost of sales are recorded on a gross basis under these contracts at the time title passes to the buyer based on the forward price for the expected settlement period. The contracts, in general, provide for a provisional payment based upon provisional assays and quoted silver and gold prices. Final settlement, which generally occurs from three to six months after shipment, is based upon the average applicable price for the Quotational Period applied to the actual number of silver or gold ounces recovered calculated using confirmed smelter weights and settlement assays as specified in the concentrate sales contract. The Company's provisionally priced sales contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of concentrates measured at the forward price at the time of sale. The embedded derivative does not qualify for hedge accounting. The embedded derivative is recorded on the balance sheet as a derivative asset in Accounts Receivable or as a derivative liability in Accounts Payable and Accrued Liabilities and is adjusted to fair value through revenue each period until the date of final settlement.

2.6. Financial Instruments

In November 2009, the International Accounting Standards Board introduced IFRS 9, Financial Instruments ("IFRS 9"), which is part of a project to replace IAS 39, Financial Instruments: Recognition and Measurement. Adoption of IFRS 9 is required by January 1, 2015, with early adoption permitted. The Company has elected to adopt IFRS 9 and the related consequential amendments effective January 1, 2010.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through net earnings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through net earnings are recognized immediately in net earnings.

2.7. Financial Assets

Financial assets are subsequently measured at either amortized cost or fair value, depending on the classification of the financial assets.

Financial Assets at Fair Value Through Other Comprehensive Income ("FVTOCI")

On initial recognition, the Company has made an irrevocable election to designate long-term investments in common shares held that are not "held for trading" as FVTOCI. The Company's long-term investments in common shares held are not "held for trading". Instead, they are held for long-term strategic purposes. Upon the application of IFRS 9, the Company has chosen to designate these long-term investments in common shares held as FVTOCI as it believes that this provides a more meaningful presentation for long-term strategic investments, rather than reflecting changes in fair value immediately in net earnings.

Long-term investments in common shares held are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized as a component of other comprehensive income ("OCI") and accumulated in the long-term investment revaluation reserve. The cumulative gain or loss will not be reclassified to net earnings on disposal of these long-term investments.

Dividends on these long-term investments in common shares held are recognized as a component of net earnings in the period they are received under the classification Other Expense (Income).

Financial Assets at Fair Value Through Net Earnings ("FVTNE")

Warrants held by the Company for long-term investment purposes are classified as FVTNE. The Company has also classified cash and cash equivalents as FVTNE.

Financial assets at FVTNE are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognized as a component of net earnings under the classification Other (Income) Expense.

As discussed in Note 2.5, the Company's provisionally priced sales contain an embedded derivative that is remeasured at fair value on a quarterly basis. Fair value gains and losses related to the embedded derivative are included in revenue in the period they occur.

Financial Assets at Amortized Cost

Trade receivables are non-interest bearing and are stated at amortized cost, which approximate fair values due to the short terms to maturity. Where necessary, trade receivables are reported net of allowances for uncollectable amounts.

Foreign Exchange Gains and Losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore,

- For financial assets that are classified as FVTNE, the foreign exchange component is recognized as a component of net earnings, and
- For financial assets that are classified as FVTOCI, the foreign exchange component is recognized as a component of OCI.

Derecognition of Financial Assets

The Company derecognizes a financial asset only when the contractual rights to cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss (net of tax) previously accumulated in the long-term investment revaluation reserve is not reclassified to net earnings, but is reclassified to retained earnings.

2.8. Financial Liabilities and Equity Instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and equity instrument. All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTNE, depending on the classification of the instrument.

Equity Instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received less direct issue costs (net of any current or deferred income tax recovery attributable to such costs).

Share Purchase Warrants Issued

Share purchase warrants issued with an exercise price denominated in a currency other than the Company's functional currency (US dollars) are considered derivative instruments. As such, they are classified as financial liabilities measured at FVTNE and are remeasured at fair value on a quarterly basis with all changes being reflected as a component of net earnings. This accounting treatment was applicable to the Company's Share Purchase warrants, Series A warrants and Series B warrants, which either expired on August 5, 2009, November 30, 2009 and December 22, 2010, respectively, or were exercised prior to those dates. This non-cash adjustment had no effect on the Company's cash flow or liquidity.

Share purchase warrants issued with an exercise price denominated in the Company's functional currency (US dollars) are considered equity instruments with the consideration received reflected within shareholders' equity under the classification of share purchase warrants reserve. Upon exercise, the original consideration is reallocated from share purchase warrants reserve to issued share capital along with the associated exercise price.

Other Financial Liabilities

Accounts payable and accrued liabilities, silver interest payments and bank debt are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with the related interest expense being recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Foreign Exchange Gains and Losses

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Therefore,

- For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized as a component of net earnings, and
- For financial liabilities that are measured as at FVTNE, the foreign exchange component forms part of the fair value gains or losses and is recognized as a component of net earnings.

Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized as a component of net earnings.

2.9. Silver and Gold Interests

Agreements for which settlement is called for in silver and gold, the amount of which is based on production at the mines, are stated at cost less accumulated depletion and accumulated impairment charges.

The cost of the asset is comprised of its purchase price, any closing costs directly attributable to acquiring the asset, and, for qualifying assets, borrowing costs. The purchase price is the aggregate cash amount paid and the fair value of any other non-cash consideration given to acquire the asset.

Depletion

The cost of these silver and gold interests is separately allocated to reserves, resources and exploration potential. The value allocated to reserves is classified as depletable and is depleted on a unit-of-sale basis over the estimated recoverable proven and probable reserves at the mine corresponding to the specific agreement. The value associated with resources and exploration potential is the value beyond proven and probable reserves at acquisition and is classified as non-depletable until such time as it is transferred to the depletable category as a result of the conversion of resources and / or exploration potential into reserves.

Asset Impairment

Management considers each silver and gold interest to be a separate cash generating unit, which is the lowest level for which cash inflows are largely independent of those of other assets. At the end of each reporting period, the Company reviews the carrying amounts of each silver and gold interest to determine whether there is any indication that those silver and gold interests have suffered an impairment loss. If such an indication exists, the recoverable amount of the silver and gold interest is estimated in order to determine the extent of the impairment (if any). The recoverable amount of each silver and gold interest is the higher of fair value less costs to sell ("Fair Value Approach") and value in use ("Value-In-Use Approach").

Under the Fair Value Approach, the net asset value ("NAV") methodology is used to determine the fair value that could be received from each silver and gold interest in an arm's length transaction at the measurement date. NAV is estimated by using an appropriate discount rate to calculate the present value of expected future cash flows associated with each mineral category. The values are adjusted for each mineral category dependent on the likelihood of conversion from resources to reserves. A market multiple is applied to the NAV computed in order to assess the estimated fair value. Silver and precious metal companies typically trade at a market capitalization that is based on a multiple of their underlying NAV. Consequently, a market participant would generally apply a NAV multiple when estimating the fair value of a silver and gold interest.

Under the Value-In-Use Approach, the net present value ("NPV") methodology is used. NPV is estimated by using a discount rate to calculate the present value of expected future cash flows. The discount rate is based on the Company's weighted average cost of capital, adjusted for various risks.

The expected future cash flows are management's best estimates of expected future revenues and costs. Under each method, expected future revenues reflect the estimated future production for each mine at which the Company has a silver purchase agreement or a precious metal purchase agreement based on detailed life of mine plans received from each of the partners. Included in these forecasts is the production of mineral resources that do not currently qualify for inclusion in proven and probable ore reserves where there is a high degree of confidence in its economic extraction. This is consistent with the methodology that is used to measure value beyond proven and probable reserves when allocating the purchase price to acquired silver and gold interests. Expected future revenues also reflect management's estimated long-term metal prices, which are determined based on current prices, forward pricing curves and forecasts of expected long-term metal prices prepared by analysts. These estimates often differ from current price levels, but are consistent with how a market participant would assess future long-term metal prices. Estimated future cash costs are fixed based on the terms of each silver purchase agreement and precious metal purchase agreement, as disclosed in Note 21.

If the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and an impairment charge is reflected as a component of net earnings so as to reduce the carrying amount to its recoverable value. A previously recognized impairment charge is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment charge was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depletion, had no impairment charge been recognized for the asset in prior years. Such reversal is reflected as a component of net earnings.

At December 31, 2011, December 31, 2010 and January 1, 2010, no indication of an impairment loss existed and, as such, no impairment charge was required.

2.10. Borrowing and Debt Issue Costs

Borrowing costs allocable to the acquisition or construction of qualifying assets, which necessarily take a substantial period of preparation for their intended use, are capitalized and included in the carrying amounts of the related assets until such time as the assets are substantially ready for their intended use. Borrowing costs that do not relate to the acquisition or construction of qualifying assets are reflected as a component of net earnings under the classification Other (Income) Expense, as incurred. For the purposes of determining whether borrowing costs are allocable to qualifying assets, outstanding debt is first considered to relate to qualifying assets to the extent of the cumulative investment made by the Company.

Debt issue costs are treated as an adjustment to the carrying amount of the original liability and are amortized over the life of the new or modified liability.

2.11. Stock Based Payment Transactions

The Company recognizes a stock based compensation expense for all share purchase options and restricted share units ("RSUs") awarded to employees, officers and directors based on the fair values of the share purchase options and RSUs at the date of grant. The fair values of share purchase options and RSUs at the date of grant are expensed over the vesting periods of the share purchase options and RSUs, respectively, with a corresponding increase to equity. The fair value of share purchase options is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. Share purchase options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. The fair value of RSUs is the market value of the underlying shares at the date of grant. At the end of each reporting period, the Company re-assesses its estimates of the number of awards that are expected to vest and recognizes the impact of any revisions to this estimate in the consolidated statement of earnings.

The Company recognizes a stock based compensation expense for performance share units ("PSUs") which are awarded to eligible employees and are settled in cash. The related expense is based on the value of the anticipated settlement and multiplier for current performance at the end of the associated performance periods. This estimated expense is reflected as a component of net earnings over the vesting period of the PSUs with the related obligation recorded as a liability on the balance sheet. The amount of compensation expense is adjusted on a quarterly basis to reflect the fair market value of common shares and the number of PSUs anticipated to vest based on the anticipated performance factor. The accrued liability for PSUs that are forfeited are derecognized and recorded as a compensation cost recovery in the period of forfeiture.

2.12. Income Taxes

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognized as a component of net earnings except to the extent that it relates to items recognized directly in equity or as a component of OCI.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and which are expected to apply when the related deferred income tax assets are realized or the deferred income tax liabilities are settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Taxable temporary differences arising on investments in subsidiaries are recognized except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent it is probable that the Company will have taxable income against which those deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilized. The carrying amount of the deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are not recognized for temporary differences arising from goodwill or from the initial recognition of assets or liabilities acquired in a transaction other than a business combination which do not affect either accounting or taxable income or loss.

2.13. Earnings Per Share

Earnings per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the year. Diluted earnings per share is calculated using the treasury method which requires the calculation of diluted earnings per share by assuming that outstanding share purchase options and warrants, with an average market price that exceeds the average exercise prices of the options and warrants for the year, are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the common shares for the year.

2.14. Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are presented in US dollars, which is the Company's functional currency. Foreign currency monetary assets and liabilities are translated into US dollars at the exchange rates prevailing at the balance sheet date. Non-monetary assets denominated in foreign currencies are translated using the rate of exchange at the transaction date. Foreign currency transactions are translated at the US dollar rate prevailing on the transaction dates. Foreign exchange gains and losses are included in the determination of net earnings except for the foreign exchange gains and losses on the Company's long-term investments in common shares held which are reflected as a component of OCI and accumulated in a separate component of the investments revaluation reserve which is a component of shareholders' equity until they are realized as a result of a sale, at which time the accumulated foreign exchange gain or loss is reallocated from the investments reserve to retained earnings.

2.15. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. At December 31, 2011, December 31, 2010 and January 1, 2010, the Company was not a party to any finance leases.

The Company as the Lessee

Operating lease payments are recognized on a straight-line basis over the term of the lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction to rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2.16. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount required to settle the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.17. Changes in Accounting Policies

The International Accounting Standards Board has issued the following new or amended standards:

Standards required to be applied for periods beginning on or after July 1, 2011:

- IFRS 7 – Financial Instruments (amended 2010)

Standards required to be applied for periods beginning on or after January 1, 2012:

- IAS 12 – Income Taxes (amended 2010)

Standards required to be applied for periods beginning on or after July 1, 2012:

- IAS 1 - Presentation of Financial Statements (amended 2011)

Standards required to be applied for periods beginning on or after January 1, 2013:

- IFRS 9 (2010) – Financial Instruments (amended 2010)
- IFRS 10 - Consolidated Financial Statements ("IFRS 10")
- IFRS 11 - Joint Arrangements ("IFRS 11")
- IFRS 12 - Disclosure of Interests in Other Entities ("IFRS 12")
- IFRS 13 - Fair Value Measurement
- IAS 19 – Employee Benefits (amended 2011)
- IAS 27 - Separate Financial Statements (amended 2011) ("IAS 27")
- IAS 28 - Investments in Associates (amended 2011) ("IAS 28")
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

Early adoption of the above standards is permitted, however, IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 must be initially applied concurrently.

Based upon its current facts and circumstances, the Company does not expect to be materially affected by the application of these new standards.

3. Key Sources of Estimation Uncertainty and Critical Accounting Judgments

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Information about significant areas of estimation uncertainty and judgements made by management in preparing the consolidated financial statements are described below.

Key Sources of Estimation Uncertainty

3.1. Attributable Reserve and Resource Estimates

Silver and gold interests are significant assets of the Company, with a carrying value of $1.9 billion at December 31, 2011. This amount represents the capitalized expenditures related to the acquisition of the silver and gold interests. The Company estimates the reserves and resources relating to each agreement. Reserves are estimates of the amount of silver or gold that can be economically and legally extracted from the mining properties at which the Company has silver or precious metal purchase agreements, adjusted where applicable to reflect the Company's percentage entitlement to silver and gold produced from such mines. The Company estimates its reserves and resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and require complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of the Company's silver and gold interests and depletion charges.

3.2. Depletion

As more fully described in Note 2.9, the Company's silver and gold interests are depleted on a units-of-sale basis, with estimated recoverable reserves and resources being used to determine the depletion rate for each of the Company's silver and gold interests. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Changes in the estimated recoverable reserves, resources or exploration potential will directly impact the depletion rate used. Changes to depletion rates are accounted for prospectively.

3.3. Impairment of Assets

As more fully described in Note 2.9, the Company assesses each silver and gold interest each reporting period to determine whether any indication of impairment exists. The calculation of the recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, recoverable ounces of silver and gold, and operating performance.

3.4. Valuation of Stock Based Compensation

As more fully described in Note 2.11, the Company has various forms of stock based compensation, including share purchase options, RSUs and PSUs. The calculation of the fair value of share purchase options, RSUs and PSUs issued requires the use of estimates as more fully described in Notes 14.1, 14.2 and 15.1, respectively.

3.5. Contingencies

Due to the size, complexity and nature of the Company's operations, various legal and tax matters are outstanding from time to time, including an audit by the Canada Revenue Agency of the Company's international transactions covering the 2005 to 2010 taxation years. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. If the Company is unable to resolve any of these matters favorably, there may be a material adverse impact on the Company's financial performance, cash flows or results of operations. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements in the period that such changes occur.

Critical Accounting Judgments

3.6. Functional Currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. The Company has determined that the functional currency of each entity is the US dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

3.7. Income Taxes

The interpretation of existing tax laws or regulations in Canada, the Cayman Islands, Luxembourg, Barbados, the Netherlands or any of the countries in which the mining operations are located or to which shipments of silver or gold are made requires the use of judgement. Differing interpretation of these laws or regulations could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. In assessing the likelihood of realizing deferred income tax assets, management makes estimates related to expectations of future taxable income and expected timing of reversals of existing temporary differences. Estimates of future taxable income are based on forecasted cash flows.

4. Fair Values of Financial Instruments

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, interest rate risk, commodity price risk and other price risks. Where material, these risks are reviewed and monitored by the Board of Directors.

4.1. Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of debt (Note 10) and equity attributable to common shareholders, comprising of issued capital (Note 13), accumulated reserves (Note 14) and retained earnings.

The Company is not subject to any externally imposed capital requirements with the exception of complying with the minimum tangible net worth covenant under the credit agreement governing bank debt (Note 10).

The Company is in compliance with the debt covenants described in Note 10.

4.2. Categories of Financial Assets and Liabilities

Financial assets are reported at fair value, with the exception of other receivables which are non-interest bearing and are stated at amortized cost, which approximates fair value due to the short terms to maturity. Where necessary, trade receivables are reported net of allowances for uncollectable amounts. Fair value adjustments on financial assets are reflected as a component of net earnings with the exception of fair value adjustments associated with the Company's long-term investments in common shares held. As these long-term investments are held for strategic purposes and are not "held for trading", the Company has made a one time, irrevocable election to reflect the fair value adjustments associated with these investments as a component of OCI. Financial liabilities are reported at amortized cost using the effective interest method, except for derivative liabilities which are measured at fair value through net earnings. The following table summarizes the classification of the Company's financial assets and liabilities:

(US dollars in thousands)	Note	**December 31 2011**	December 31 2010	January 1 2010
Financial Assets				
Fair value through net earnings				
Cash and cash equivalents		$ 840,201	$ 428,636	$ 227,566
Long-term investments - warrants held	8	2,582	5,700	1,245
Trade receivables from provisional concentrate sales, net of fair value adjustment	7	3,494	6,665	3,367
Fair value through other comprehensive income				
Long-term investments - common shares held	8	149,039	278,748	72,502
Amortized cost				
Other receivables		396	423	1,514
		$ 995,712	$ 720,172	$ 306,194
Financial Liabilities				
Fair value through net earnings				
Liability for Canadian dollar share purchase warrants issued	12	$ -	$ -	$ 51,967
Accrued liabilities from provisional concentrate sales related to fair value adjustment, net of trade receivables	7	1,567	-	-
Amortized cost				
Accounts payable and accrued liabilities		6,688	9,843	10,302
Bank debt	10	78,620	107,180	135,740
Silver interest payments	11	130,789	255,589	367,584
		$ 217,664	$ 372,612	$ 565,593

4.3. Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. To mitigate exposure to credit risk on financial assets, the Company has established policies to limit the concentration of credit risk, to ensure counterparties demonstrate minimum acceptable credit worthiness and to ensure liquidity of available funds.

The Company closely monitors its financial assets and does not have any significant concentration of credit risk. The Company invests surplus cash in short-term, high credit quality, money market instruments. In addition, counterparties used to sell silver and gold are all large, international organizations with strong credit ratings and the balance of trade receivables owed to the Company in the ordinary course of business is not significant. Therefore, the Company is not exposed to significant credit risk and, overall, the Company's credit risk has not changed significantly from the prior year.

At December 31, 2011, there were no significant trade receivables owed to the Company which were past due. The Company's maximum exposure to credit risk related to its financial assets is as follows:

(in thousands)	Note	**December 31 2011**	December 31 2010	January 1 2010
Cash and cash equivalents		$ 840,201	$ 428,636	$ 227,566
Trade receivables from provisional concentrate sales, net of fair value adjustment	7	3,494	6,665	3,367
Other receivables		396	423	1,514
		$ 844,091	$ 435,724	$ 232,447

4.4. Liquidity Risk

The Company has in place a rigorous planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its expansionary plans. The Company ensures that there are sufficient committed loan facilities to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. As at December 31, 2011, the Company had cash and cash equivalents of $840.2 million (2010 - $428.6 million) and working capital of $677.3 million (2010 - $264.8 million). The Company invests surplus cash in short-term, high credit quality money market instruments. The Company has a $400 million revolving term loan (Note 10) which can be drawn at any time for the acquisition of silver interests, investments or for general corporate purposes.

Silver Wheaton holds common shares and common share purchase warrants of several publicly traded mineral exploration, development and mining companies (Note 8) with a combined market value at December 31, 2011 of $151.6 million (December 31, 2010 - $284.4 million). The daily exchange traded volume of these shares, including the shares underlying the warrants, is not sufficient for the Company to liquidate its position in a short period of time without potentially affecting the market value of the shares. These shares and warrants are held for strategic purposes and are considered long-term investments and therefore, as part of the Company's planning, budgeting and liquidity analysis process, these investments are not relied upon to provide operational liquidity.

The following tables summarize the timing associated with the Company's remaining contractual payments relating to its financial liabilities. The tables reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay (assuming that the Company is in compliance with all of its obligations). The tables include both interest and principal cash flows. To the extent that applicable interest rates are floating in nature, the interest charges are estimated based on market-based forward interest rate curves at the end of the reporting period. The contractual maturity date of these financial liabilities is based on the earliest date on which the Company may be required to pay.

							As at December 31, 2011	
(in thousands)	2012	2013	2014	2015	2016	Thereafter	Commitments	**Total**
Non-derivative financial liabilities								
Bank debt	$ 28,560	$ 28,560	$ 21,500	$ -	$ -	$ -	$ -	**$ 78,620**
Interest on bank debt [1]	1,006	618	174	-	-	-	-	**1,798**
Silver interest payments								
Barrick	137,500	-	-	-	-	-	-	**137,500**
Rosemont [2]	-	-	-	-	-	-	230,000	**230,000**
Loma de La Plata [3]	-	-	-	-	-	-	32,400	**32,400**
Accounts payable and accrued liabilities	6,324	-	364	-	-	-	-	**6,688**
Derivative financial liabilities								
Accrued liabilities from provisional concentrate sales related to fair value adjustment, net of trade receivables	1,567	-	-	-	-	-	-	**1,567**
Total	$ 174,957	$ 29,178	$ 22,038	$ -	$ -	$ -	$ 262,400	**$ 488,573**

1) As the applicable interest rates are floating in nature, the interest charges are estimated based on market-based forward interest rate curves at the end of the reporting period.
2) In connection with the Rosemont precious metal purchase agreement, the Company is committed to pay Augusta total upfront cash payments of $230 million, payable on an installment basis to partially fund construction of the Rosemont mine once certain milestones are achieved, including the receipt of key permits and securing the necessary financing to complete construction of the mine.
3) In connection with the Company's election to convert the debenture with Pan American into a silver purchase agreement, the Company is committed to pay Pan American total upfront cash payments of $32.4 million following the satisfaction of certain conditions, including Pan American receiving all necessary permits to proceed with the mine construction.

							As at December 31, 2010	
(in thousands)	2011	2012	2013	2014	2015	Thereafter	Commitments	**Total**
Non-derivative financial liabilities								
Bank debt	$ 28,560	$ 28,560	$ 28,560	$ 21,500	$ -	$ -	$ -	**$ 107,180**
Interest on bank debt [1]	1,158	817	472	129	-	-	-	**2,576**
Silver interest payments								
Barrick	137,500	137,500	-	-	-	-	-	**275,000**
Rosemont [2]	-	-	-	-	-	-	230,000	**230,000**
Loma de La Plata [3]	-	-	-	-	-	-	32,400	**32,400**
Accounts payable and accrued liabilities	9,843	-	-	-	-	-	-	**9,843**
Total	$ 177,061	$ 166,877	$ 29,032	$ 21,629	$ -	$ -	$ 262,400	**$ 656,999**

1) As the applicable interest rates are floating in nature, the interest charges are estimated based on market-based forward interest rate curves at the end of the reporting period.
2) In connection with the Rosemont precious metal purchase agreement, the Company is committed to pay Augusta total upfront cash payments of $230 million, payable on an installment basis to partially fund construction of the Rosemont mine once certain milestones are achieved, including the receipt of key permits and securing the necessary financing to complete construction of the mine.
3) In connection with the Company's election to convert the debenture with Pan American into a silver purchase agreement, the Company is committed to pay Pan American total upfront cash payments of $32.4 million following the satisfaction of certain conditions, including Pan American receiving all necessary permits to proceed with the mine construction.

4.5. Currency Risk

The Company undertakes certain transactions denominated in Canadian dollars, including operating expenses and the acquisition of strategic long-term investments. As a result, the Company is exposed to fluctuations in the value of the Canadian dollar relative to the US dollar. The carrying amounts of the Company's Canadian dollar denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(US dollars in thousands)	**December 31 2011**	December 31 2010	January 1 2010
Monetary Assets			
Cash and cash equivalents	$ 690	$ 42,505	$ 6,015
Accounts receivable	115	183	310
Long-term investments - common shares held	144,039	278,748	72,502
Long-term investments - warrants held	2,582	5,700	1,245
	$ 147,426	$ 327,136	$ 80,072
Monetary Liabilities			
Accounts payable and accrued liabilities	$ 3,455	$ 4,294	$ 3,102

The following tables detail the Company's sensitivity to a 10% increase and decrease in the Canadian dollar relative to the United States dollar, representing the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates.

(in thousands)	**As at December 31, 2011** 10% Increase in the Canadian Dollar	10% Decrease in the Canadian Dollar
Increase (decrease) in net earnings	$ (7)	$ 7
Increase (decrease) in other comprehensive income	14,404	(14,404)
Increase (decrease) in total comprehensive income	$ 14,397	$ (14,397)

(in thousands)	As at December 31, 2010 10% Increase in the Canadian Dollar	10% Decrease in the Canadian Dollar
Increase (decrease) in net earnings	$ 4,409	$ (4,409)
Increase (decrease) in other comprehensive income	27,875	(27,875)
Increase (decrease) in total comprehensive income	$ 32,284	$ (32,284)

4.6. Interest Rate Risk

The Company is exposed to interest rate risk on its outstanding borrowings and short-term investments. Presently, all of the Company's outstanding borrowings are at floating interest rates and all of its interest-bearing investments have terms of less than 95 days. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk. During the year ended December 31, 2011, the weighted average interest rate paid by the Company on its outstanding borrowings was 1.13% (2010 – 1.16%).

For the year ended December 31, 2011, all of the interest incurred by the Company has been capitalized as it relates to the acquisition of the Barrick silver interest, which was under development during the period. For the year ended December 31, 2010, all of the interest incurred by the Company was capitalized as it relates to the acquisition of the Barrick, Peñasquito and Keno Hill silver interests, all of which were under development during the period. As a result, changes in interest rates will not materially affect the Company's net earnings or other comprehensive income. A fluctuation in interest rates of 100 basis points (1 percent) would have impacted the amount of interest capitalized during the year ended December 31, 2011 by approximately $0.9 million (2010 - $1.2 million).

4.7. Commodity Price Risk

The price of the common shares and the Company's financial results may be significantly adversely affected by a decline in the price of silver or gold. The price of silver and gold can fluctuate widely, and is affected by numerous factors beyond the Company's control, including but not limited to, the sale or purchase of silver and gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the US dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major silver and gold producing countries throughout the world.

In the event that the prevailing market price of silver or gold is at or below the price at which the Company can purchase such, pursuant to the terms of the agreements associated with its silver and gold interests, the Company may not generate positive cash flow or earnings.

4.8. Other Price Risks

The Company is exposed to equity price risk as a result of holding long-term investments in other exploration and mining companies. The Company does not actively trade these investments.

The sensitivity analysis below has been determined based on the exposure to equity price risks at December 31, 2011.

If equity prices had been 10% higher or lower:

- Net earnings for the year ended December 31, 2011 would have increased/decreased by approximately $0.3 million (2010 - $0.6 million) as a result of changes in the fair value of share purchase warrants held; and
- Other comprehensive income for the year ended December 31, 2011 would have increased/decreased by approximately $14.9 million (2010 - $27.9 million) as a result of changes in the fair value of common shares held.

4.9. Fair Value Estimation

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 7 – Financial Instruments: Disclosures ("IFRS 7").

Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy. As required by IFRS 7, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	December 31, 2011			
(in thousands)	**Total**	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)
Cash and cash equivalents	**$ 840,201**	$ 840,201	$ -	$ -
Trade receivable from provisional concentrate sales, net of fair value adjustment	**3,494**	-	3,494	-
Accrued liabilities from provisional concentrate sales related to fair value adjustment, net of trade receivable	**(1,567)**	-	(1,567)	-
Long-term investments - common shares held	**149,039**	149,039	-	-
Long-term investments - warrants held	**2,582**	-	2,582	-
	$ 993,749	$ 989,240	$ 4,509	$ -

	December 31, 2010			
(in thousands)	**Total**	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable inputs (Level 3)
Cash and cash equivalents	**$ 428,636**	$ 428,636	$ -	$ -
Trade receivable from provisional concentrate sales, net of fair value adjustment	**6,665**	-	6,665	-
Long-term investments - common shares held	**278,748**	278,748	-	-
Long-term investments - warrants held	**5,700**	-	5,700	-
	$ 719,749	$ 707,384	$ 12,365	$ -

The Company's trade receivables from provisional concentrate sales are valued based on forward prices of silver and gold until the date of final settlement (Note 2.5). As such, these receivables are classified within Level 2 of the fair value hierarchy.

The Company's long-term investments in common shares held are valued using quoted market prices in active markets and as such, are classified within Level 1 of the fair value hierarchy. The fair value of the long-term investments in common shares held is calculated as the quoted market price of the common share multiplied by the quantity of shares held by the Company.

The fair value of the Company's long-term investments in warrants held that are not traded in an active market is determined using a Black-Scholes model based on assumptions including risk free interest rate, expected dividend yield, expected volatility, estimated forfeiture rate and expected warrant life which are supported by observable current market conditions and as such are classified within Level 2 of the fair value hierarchy. The use of reasonably possible alternative assumptions would not significantly affect the Company's results.

Other receivables and trade payables are non-interest bearing and are stated at carrying values, which approximate fair values due to the short terms to maturity. Where necessary, other receivables are reported net of allowances for uncollectable amounts.

The Company's bank debt (Note 10) and the silver interest payments due (Note 11) are reported at amortized cost using the effective interest method.

5. Revenue

(in thousands)	Year ended December 31 2011	2010
Sales		
Silver Bullion Sales		
Silver credit sales	$ 552,122	$ 293,815
Concentrate sales	148,507	97,845
	$ 700,629	$ 391,660
Gold Bullion Sales		
Concentrate sales	29,368	31,693
Total sales revenue	$ 729,997	$ 423,353

Silver Credit Sales

Under certain silver purchase agreements, silver is acquired from the counterparty in the form of silver credits, which is then sold through a network of third party brokers or dealers. As more fully described in Note 2.5, revenue from silver credit sales is recognized at the time of physical delivery, which is also the date that title to the silver passes to the third party dealer or broker. The Company will occasionally enter into forward contracts in relation to silver deliveries that it is highly confident will occur within a given quarter. No forward contracts were outstanding at December 31, 2011, December 31, 2010 or January 1, 2010. The sales price is fixed at the delivery date based on either the terms of these short-term forward sales contracts or the spot price of silver.

Concentrate Sales

As described in Note 2.5, under certain silver or precious metal purchase agreements, silver and / or gold is acquired from the counterparty in concentrate form, which is then sold under the terms of concentrate sales contracts to third-party smelters or traders.

6. General and Administrative

(in thousands)	Year Ended December 31 2011	2010
Salaries and benefits	$ 7,911	$ 7,221
Equity settled stock based compensation (a non-cash expense)	6,329	7,732
Depreciation	261	269
Other	10,679	9,447
Total general and administrative	$ 25,180	$ 24,669

7. Accounts Receivable

(in thousands)	December 31 2011	December 31 2010	January 1 2010
Trade receivables from provisional concentrate sales, net of fair value adjustment	$ 3,494	$ 6,665	$ 3,367
Other receivables	396	423	1,514
Total accounts receivable	$ 3,890	$ 7,088	$ 4,881

Trade receivable from provisional concentrate sales, net of fair value adjustment

As more fully described in Note 2.5, the Company's provisionally priced sales contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from the sale of concentrates measured at the forward price at the time of sale. The embedded derivative is recorded on the balance sheet as a derivative asset in Accounts Receivable or as a derivative liability in Accounts Payable and Accrued Liabilities and is adjusted to fair value through revenue each period until the date of final settlement.

At December 31, 2011, the Company had outstanding provisionally priced sales of $3.6 million where the quotational period pricing was estimated based on the forward price for silver, consisting of 0.1 million ounces of silver, which had a fair value adjustment of approximately $0.3 million associated with the embedded derivative. For each one cent per ounce increase or decrease in realized silver price, revenue would increase or decrease by approximately $1,200. At December 31, 2010, the Company had outstanding provisionally priced sales of $25.3 million where the quotational period pricing was estimated based on the forward price for silver and gold, consisting of 0.9 million ounces of silver and 3,600 ounces of gold, which had a fair value adjustment of approximately $805,000 associated with the embedded derivative. For each one cent per ounce increase or decrease in realized silver price, revenue would increase or decrease by approximately $8,800 and for each $1 per ounce increase or decrease in the realized price of gold, revenue would increase or decrease by approximately $3,600. At January 1, 2010, the Company had outstanding provisionally priced sales of $9.7 million where the quotational period pricing was estimated based on the forward price for silver and gold, consisting of 0.3 million ounces of silver and 3,300 ounces of gold, which had a fair value adjustment of approximately $175,000 associated with the embedded derivative.

8. Long-Term Investments

(in thousands)	December 31 2011	December 31 2010	January 1 2010
Common shares held	$ 149,039	$ 278,748	$ 72,502
Warrants held	2,582	5,700	1,245
	$ 151,621	$ 284,448	$ 73,747

Common Shares Held

(in thousands)	December 31, 2011 Fair Value	Fair Value Adjustment Losses Included in OCI	Realized Gain on Disposal
Bear Creek	$ 46,171	$ (80,524)	$ -
Revett	23,793	(1,043)	-
Sabina	44,177	(21,817)	-
Other	34,898	(15,730)	4,532
	$ 149,039	$ (119,114)	$ 4,532

(in thousands)	December 31, 2010 Fair Value	Fair Value Adjustment Gains Included in OCI	Realized Loss on Disposal	January 1, 2010 Fair Value
Bear Creek	$ 126,695	$ 69,578	$ -	$ 38,232
Revett	24,836	16,682	-	5,815
Sabina	65,993	39,827	-	9,241
Other	61,224	20,256	(171)	19,214
	$ 278,748	$ 146,343	$ (171)	$ 72,502

Warrants Held

(in thousands)	December 31, 2011 Fair Value	Fair Value Adjustment Losses Included in Net Earnings	Realized Loss on Disposal
Revett	$ 741	$ (55)	$ -
Other	1,841	(3,063)	(16)
	$ 2,582	$ (3,118)	$ (16)

(in thousands)	December 31, 2010 Fair Value	Fair Value Adjustment Gains Included in Net Earnings	January 1, 2010 Fair Value
Revett	$ 796	$ 948	$ 282
Sabina	-	6,368	75
Other	4,904	3,403	888
	$ 5,700	$ 10,719	$ 1,245

The Company's long-term investments in common shares held are not "held for trading". Instead, they are held for long-term strategic purposes. Upon the application of IFRS 9, Financial Instruments, the Company has chosen to designate these long-term investments in common shares held as financial assets with fair value adjustments being recorded as a component of other comprehensive income as it believes that this provides a more meaningful presentation for long-term strategic investments, rather than reflecting changes in fair value as a component of net earnings.

While long-term investments in warrants held are also held for long-term strategic purposes, they meet the definition of a derivative and therefore are classified as financial assets with fair value adjustments being recorded as a component of net earnings under the classification Other Expense (Income). Warrants that are not listed on a stock exchange have been valued using a Black-Scholes option pricing model.

By holding these long-term investments, the Company is inherently exposed to various risk factors including currency risk, market price risk and liquidity risk (Note 4).

The Company has recorded a $10.7 million deferred income tax recovery being reflected as a component of other comprehensive income during the year ended December 31, 2011, primarily a result of a decline in the fair value of its long-term investments in common shares held.

Bear Creek

At December 31, 2011, Silver Wheaton owned approximately 13.3 million (2010 – 13.3 million) common shares of Bear Creek Mining Corporation ("Bear Creek"), representing approximately 14% (2010 – 14%) of the outstanding shares of Bear Creek. At December 31, 2011, the fair value of the Company's investment in Bear Creek was $46.2 million (2010 - $126.7 million).

During the year ended December 31, 2011, the value of the Company's investment in Bear Creek declined by approximately $80.5 million. The value of this investment was adversely affected by an action by the Peruvian government relating to Bear Creek's title over the mineral concessions covering the Santa Ana Project. While the Santa Ana project remains an important asset for Bear Creek, Silver Wheaton's strategic focus related to its investment in Bear Creek is the Corani project, which is proceeding towards permitting and construction.

During the year ended December 31, 2010, the Company acquired, by way of private placement, 3.0 million common shares of Bear Creek at a price of Cdn$6.40 per share, for total consideration of Cdn$19.1 million.

Revett

At December 31, 2011, Silver Wheaton owned 5.0 million (2010 – 5.0 million) common shares and common share purchase warrants exercisable to acquire an additional 0.2 million (2010 – 0.2 million) common shares of Revett Minerals Inc. ("Revett"), representing approximately 16% (2010 – 16%) of the outstanding shares of Revett. At December 31, 2011, the fair value of the Company's investment in Revett was $24.5 million (2010 - $25.6 million).

During the year ended December 31, 2010, the Company acquired 7.3 million common shares and 1.2 million common share purchase warrants of Revett for $1.9 million. On November 17, 2010, Revett announced a share consolidation (reverse stock split) of common shares on a one for five basis, effective November 19, 2010.

Sabina

At December 31, 2011, Silver Wheaton owned 11.7 million (2010 – 11.7 million) common shares of Sabina Gold & Silver Corp. ("Sabina"), representing approximately 7% (2010 – 7%) of the outstanding shares of Sabina. At December 31, 2011, the fair value of the Company's investment in Sabina was $44.2 million (2010 - $66.0 million).

During the year ended December 31, 2010, the Company exercised 3.9 million common share purchase warrants of Sabina with an exercise price of Cdn$2.75 per warrant for total consideration of Cdn$10.7 million ($10.5 million) resulting in the acquisition of 3.9 million common shares of Sabina.

Other

At December 31, 2011, Silver Wheaton owned common shares and common share purchase warrants of several publicly traded mineral exploration, development and mining companies. As Silver Wheaton's investment represents less than 10% of the outstanding shares of each of the respective companies and is not considered material to Silver Wheaton's overall financial position, these investments have been reflected in these financial statements as part of Other long-term investments.

During the year ended December 31, 2011, the Company acquired, by way of private placement, 10 million common shares of Wildcat Silver Corporation for total consideration of Cdn$13.0 million ($13.7 million). In addition, Silver Wheaton sold its investment of 1.8 million common shares of Ventana Gold Corp. ("Ventana") for proceeds of Cdn$23.5 million ($24.3 million) after the successful acquisition of Ventana by AUX Canada, resulting in a realized gain of $4.5 million.

During the year ended December 31, 2010 the Company acquired, by way of private placement, 1.8 million common shares of Ventana for total consideration of Cdn$20.7 million ($19.8 million).

At December 31, 2011, the fair value of the Other long-term investments was $36.7 million (2010 - $66.1 million).

9. Silver and Gold Interests

	December 31, 2011						
	Cost			Accumulated Depletion			Carrying
(in thousands)	Balance - Jan 1, 2011	Additions	Balance - Dec 31, 2011	Balance - Jan 1, 2011	Depletion	Balance - Dec 31, 2011	Amount - Dec 31, 2011
Silver interests							
San Dimas	$ 190,331	$ -	$ 190,331	$ (18,807)	$ (3,997)	$ (22,804)	$ 167,527
Zinkgruvan	77,919	-	77,919	(17,797)	(2,483)	(20,280)	57,639
Yauliyacu	285,292	-	285,292	(48,972)	(6,308)	(55,280)	230,012
Peñasquito	524,626	-	524,626	(9,696)	(9,957)	(19,653)	504,973
Cozamin	41,959	-	41,959	(11,010)	(5,834)	(16,844)	25,115
Barrick [1]	607,612	16,197	623,809	(12,305)	(10,419)	(22,724)	601,085
Other [2]	294,258	109	294,367	(27,280)	(15,371)	(42,651)	251,716
	$ 2,021,997	$ 16,306	$2,038,303	$(145,867)	$ (54,369)	$(200,236)	$1,838,067
Gold interests							
Minto	$ 47,774	$ -	$ 47,774	$ (11,027)	$ (3,088)	$ (14,115)	$ 33,659
	$ 2,069,771	$ 16,306	$2,086,077	$(156,894)	$ (57,457)	$(214,351)	$1,871,726

1) Comprised of the Pascua-Lama, Lagunas Norte, Pierina and Veladero silver interests.
2) Comprised of the Los Filos, Keno Hill, Mineral Park, Neves-Corvo, Stratoni, Campo Morado, Minto, Aljustrel, Rosemont and Loma de La Plata silver interests.

	December 31, 2010								
	Cost				Accumulated Depletion				Carrying
(in thousands)	Balance - Jan 1, 2010	Additions	Disposals	Balance - Dec 31, 2010	Balance - Jan 1, 2010	Depletion	Disposals	Balance - Dec 31, 2010	Amount - Dec 31, 2010
Silver interests									
San Dimas	$ 190,331	$ -	$ -	$ 190,331	$ (14,900)	$ (3,907)	$ -	$ (18,807)	$ 171,524
Zinkgruvan	77,919	-	-	77,919	(14,599)	(3,198)	-	(17,797)	60,122
Yauliyacu	285,292	-	-	285,292	(43,227)	(5,745)	-	(48,972)	236,320
Peñasquito	524,365	261	-	524,626	(2,217)	(7,479)	-	(9,696)	514,930
Cozamin	41,959	-	-	41,959	(4,497)	(6,513)	-	(11,010)	30,949
Barrick [1]	583,485	24,127	-	607,612	(3,339)	(8,966)	-	(12,305)	595,307
Other [2]	284,266	35,470	(25,478)	294,258	(18,717)	(15,686)	7,123	(27,280)	266,978
	$ 1,987,617	$ 59,858	$(25,478)	$2,021,997	$(101,496)	$(51,494)	$ 7,123	$(145,867)	$1,876,130
Gold interests									
Minto	$ 47,283	$ 491	$ -	$ 47,774	$ (4,928)	$ (6,099)	$ -	$ (11,027)	$ 36,747
	$ 2,034,900	$ 60,349	$(25,478)	$2,069,771	$(106,424)	$(57,593)	$ 7,123	$(156,894)	$1,912,877

1) Comprised of the Pascua-Lama, Lagunas Norte, Pierina and Veladero silver interests.
2) Comprised of the Los Filos, Keno Hill, Mineral Park, Neves-Corvo, Stratoni, Campo Morado, Minto, Aljustrel, Rosemont and Loma de La Plata silver interests in addition to the previously owned La Negra silver interest.

The value allocated to reserves is classified as depletable upon a mining operation achieving commercial production and is depleted on a units-of-sale basis over the estimated recoverable proven and probable reserves at the mine. The value associated with resources and exploration potential is allocated at acquisition and is classified as non-depletable until such time as it is transferred to the depletable category, generally as a result of the conversion of resources or exploration potential into reserves.

	December 31, 2011			December 31, 2010		
(in thousands)	Depletable	Non-Depletable	Total	Depletable	Non-Depletable	Total
Silver interests						
San Dimas	$ 41,719	$ 125,808	$ 167,527	$ 40,539	$ 130,985	$ 171,524
Zinkgruvan	37,118	20,521	57,639	39,600	20,522	60,122
Yauliyacu	38,368	191,644	230,012	9,386	226,934	236,320
Peñasquito	411,124	93,849	504,973	398,632	116,298	514,930
Cozamin	25,115	-	25,115	30,949	-	30,949
Barrick [1, 2]	24,185	576,900	601,085	34,616	560,691	595,307
Other [3]	104,705	147,011	251,716	115,368	151,610	266,978
	$ 682,334	$ 1,155,733	$ 1,838,067	$ 669,090	$ 1,207,040	$ 1,876,130
Gold interests						
Minto	$ 25,354	$ 8,305	$ 33,659	$ 26,673	$ 10,074	$ 36,747
	$ 707,688	$ 1,164,038	$ 1,871,726	$ 695,763	$ 1,217,114	$ 1,912,877

1) Comprised of the Pascua-Lama, Lagunas Norte, Pierina and Veladero silver interests.
2) The amount reflected as depletable is based on the value of the reserves relating to the Lagunas Norte, Pierina and Veladero silver interests.
3) Comprised of the Los Filos, Keno Hill, Mineral Park, Neves-Corvo, Stratoni, Campo Morado, Minto, Rosemont, Aljustrel and Loma de La Plata silver interests.

There were no significant changes to the silver and gold interests during the year. As more fully explained in Note 2.9, at December 31, 2011, December 31, 2010 and January 1, 2010, no indication of an impairment loss existed and, as such, no impairment charge was required.

10. Bank Debt

The Company has a $200 million non-revolving term loan (the "Term Loan") and a $400 million revolving term loan (the "Revolving Loan"). The Term Loan and the Revolving Loan both mature on July 20, 2014 with the Term Loan requiring equal quarterly principal repayments of approximately $7 million (together with accrued interest). Silver Wheaton has committed to pay down the Revolving Loan, within 61 days after the end of each fiscal quarter, by an amount equal to 90% of the increase in cash balances reported for the quarter. The Revolving Loan can be drawn down at any time to finance acquisitions, investments or for general corporate purposes.

Amounts drawn incur interest at LIBOR plus 0.875% to 1.75% per annum dependent upon the Company's leverage ratio. Undrawn amounts are subject to a commitment fee of 0.2% to 0.45% per annum, dependent on the Company's leverage ratio. Under the credit agreement, the Company is required to maintain a debt service coverage ratio greater than or equal to 1.25:1 (1.50:1 in order to be eligible to pay dividends), a leverage ratio less than or equal to 3.5:1, and a tangible net worth greater than 80% of the tangible net worth at June 30, 2007 plus 50% of net earnings for each fiscal quarter thereafter. Both the Term Loan and the Revolving Loan are secured against the Company's assets, including the Company's silver and gold interests and long-term investments.

During the year ended December 31, 2011, the Company repaid $28.6 million (2010 - $28.6 million) of the balance outstanding on the Term Loan. As at December 31, 2011, the Company had $400 million (2010 - $400 million) available under its Revolving Loan.

The Company is in compliance with the debt covenants described above.

(in thousands)	December 31, 2011 Term Loan	Revolving Loan	**Total**
Current portion	$ 28,560	$ -	**$ 28,560**
Long-term portion	50,060	-	**50,060**
	$ 78,620	$ -	**$ 78,620**
Interest capitalized during the year	$ 1,044	$ -	**$ 1,044**
Effective interest rate	1.13%	0.00%	**1.13%**

(in thousands)	December 31, 2010 Term Loan	Revolving Loan	**Total**
Current portion	$ 28,560	$ -	**$ 28,560**
Long-term portion	78,620	-	**78,620**
	$ 107,180	$ -	**$ 107,180**
Interest capitalized during the year	$ 1,420	$ -	**$ 1,420**
Effective interest rate	1.16%	0.00%	**1.16%**

(in thousands)	January 1, 2010 Term Loan	Revolving Loan	Total
Current portion	$ 28,560	$ -	**$ 28,560**
Long-term portion	107,180	-	**107,180**
	$ 135,740	$ -	**$ 135,740**

The Company's bank debt is classified as a financial liability and reported at amortized cost using the effective interest method.

The required principal payments under the Term Loan and the Revolving Loan over the remaining terms are as follows:

Fiscal Year	Term Loan (000's)	Revolving Loan (000's)	**Total (000's)**
2012	$ 28,560	$ -	**$ 28,560**
2013	28,560	-	**28,560**
2014	21,500	-	**21,500**
	$ 78,620	$ -	**$ 78,620**

11. Silver Interest Payments

On September 8, 2009, the Company entered into an agreement with Barrick Gold Corporation ("Barrick") to acquire an amount equal to 25% of the life of mine silver production from its Pascua-Lama project, as well as 100% of the silver production from its Lagunas Norte, Pierina and Veladero mines until the end of 2013. Silver Wheaton will make total upfront cash payments of $625 million payable in installments, of which $487.5 million has been paid to date. The remaining $137.5 million is payable on the third anniversary of the transaction. The financial liability relating to these future payments has been discounted using an annual discount rate of 6.9%, which represents management's best estimate of the market rate of interest at which the Company could borrow money under similar terms and conditions at the time the agreement was entered into. The silver interest payments due are reported at amortized cost using the effective interest method. Total interest costs of $51 million will accrete over the term of this obligation and will be capitalized to the cost of the Barrick silver interest, until the Pascua-Lama mining operation is commissioned. As at December 31, 2011, $44.3 million (December 31, 2010 - $29.1 million) of the interest costs have been accreted to the cost of the Barrick silver interest, of which $15.2 million was capitalized during the year ended December 31, 2011 (2010 – 23.1 million).

Management estimates that the market rate of interest on a similar borrowing has decreased to approximately 2.7% per annum as at December 31, 2011. Accordingly, at December 31, 2011, the fair value of the silver interest payments due to Barrick has increased to approximately $134.7 million, compared to a carrying amount of $130.8 million. No adjustment has been made to reflect this difference in the financial statements for the year ended December 31, 2011.

12. Liability For Canadian Dollar Share Purchase Warrants Issued

Share purchase warrants with an exercise price denominated in a currency other than the Company's functional currency (US dollars) are considered derivative instruments. As such, they are classified as a financial liability and are remeasured at fair value on a quarterly basis with all fair value changes being reflected as a component of net earnings. This accounting treatment was applicable to the Company's Share Purchase warrants, Series A warrants and Series B warrants, which either expired on August 5, 2009, November 30, 2009 and December 22, 2010, respectively, or were exercised prior to such dates. This non-cash adjustment had no effect on the Company's cash flow or liquidity.

A continuity schedule of the Company's Canadian dollar share purchase warrants outstanding since January 1, 2010 is presented below:

(In thousands, except number of warrants and per warrant amounts)	Warrants Outstanding	Weighted Average Exercise Price (Cdn$)	Unit Fair Market Value	Total Liability	Gain (Loss) On Fair Value Adjustment
At January 1, 2010	7,780,900	$10.00	$6.68	$ 51,967	$ -
Exercised	(7,737,970)	10.00	23.93	(51,680)	(133,497)
Expired	(42,930)	10.00	6.68	(287)	287
At December 31, 2010	-	n/a	$0.00	$ -	$ (133,210)

13. Issued Capital

(US dollars in thousands)	Note	**December 31 2011**	December 31 2010	January 1 2010
Issued Capital				
Share capital issued and outstanding: 353,499,816 (December 31, 2010: 352,785,382; January 1, 2010: 342,186,624)	13.1	$ 1,793,772	$ 1,782,510	$ 1,476,480

13.1. Shares Issued

The Company is authorized to issue an unlimited number of common shares having no par value and an unlimited number of preference shares issuable in series. As at December 31, 2011, the Company had no preference shares outstanding.

A continuity schedule of the Company's issued and outstanding common shares from January 1, 2010 to December 31, 2011 is presented below:

	Number of Shares	Weighted Average Price (Cdn$)
At January 1, 2010	342,186,624	
Share purchase options exercised	2,813,773	$11.85
Share purchase warrants exercised	7,738,030	10.00
Restricted share units released	46,955	-
At December 31, 2010	352,785,382	
Share purchase options exercised	642,173	$11.96
Share purchase warrants exercised	4,968	20.00
Restricted share units released	67,293	-
At December 31, 2011	**353,499,816**	

13.2. Dividends Paid

On March 3, 2011, the Company announced that its Board of Directors had approved the payment of its inaugural quarterly cash dividend. On November 9, 2011, the Board of Directors adopted a new dividend policy linking quarterly dividend payments to operating cash flows in the prior quarter. Under the new dividend policy, the quarterly dividend per common share is equal to 20% of the cash generated by operating activities in the previous quarter divided by the Company's outstanding common shares at the time the dividend is approved, all rounded to the nearest cent. During the year ended December 31, 2011, the Company declared and paid to its shareholders dividends in the amount of $0.18 per share, for total dividends of $63.6 million.

14. Reserves

(US dollars in thousands)	Note	**December 31 2011**	December 31 2010	January 1 2010
Reserves				
Share purchase options	14.1	$ 12,314	$ 9,853	$ 12,387
Restricted share units	14.2	2,510	1,952	814
Share purchase warrants	14.3	7,457	7,471	7,414
Long-term investment revaluation reserve, net of tax	8	3,141	116,088	(16,004)
Total Reserves		$ 25,422	$ 135,364	$ 4,611

14.1. Share Purchase Options

The Company has established an equity settled share purchase option plan whereby the Company's Board of Directors may, from time to time, grant options to employees. The maximum term of any share purchase option may be ten years, but generally options are granted for five years. The exercise price of an option is not less than the closing price on the TSX on the last trading day preceding the grant date. Vesting of options is at the discretion of the Company's Board of Directors at the time the options are granted, but generally vest over a period of two years.

Each share purchase option converts into one ordinary share of Silver Wheaton on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options do not carry rights to dividends or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry, subject to certain black-out periods.

The Company expenses the fair value of share purchase options that are expected to vest on a straight-line basis over the vesting period using the Black-Scholes option pricing model to estimate fair value for each option at the date of grant. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions. The model requires the use of subjective assumptions, including expected stock price volatility; historical data has been considered in setting the assumptions. Expected volatility is determined by considering the trailing 30-month historic average share price volatility. The weighted average fair value of share purchase options granted and principal assumptions used in applying the Black-Scholes option pricing model are as follows:

	Year Ended December 31 **2011**	2010
Black-Scholes weighted average assumptions		
Grant date share price and exercise price	Cdn$37.37	Cdn$15.89
Expected dividend yield	0.49%	0.00%
Expected volatility	48%	55%
Risk-free interest rate	1.67%	1.84%
Estimated forfeiture rate	0.0%	0.0%
Expected option life, in years	2.5	2.5
Weighted average fair value per option granted	Cdn$11.28	Cdn$5.54

During the year ended December 31, 2011, the Company issued 626,000 share purchase options with a weighted average exercise price of Cdn$37.37 and a fair value of $7.2 million or Cdn$11.28 per option. For the same period in 2010, the Company issued 1,288,700 share purchase options with a weighted average exercise price of Cdn$15.89 per option with a fair value of $6.9 million or Cdn$5.54 per option.

Equity settled stock based compensation expense during the year ended December 31, 2011 included $4.7 million of amortization of the fair value of the share purchase options issued, compared to $6.0 million during the comparable period in 2010.

At December 31, 2011, there were 2,561,127 (2010 – 2,603,822) share purchase options outstanding with a weighted average exercise price of Cdn$19.60 (2010 - Cdn$13.91) per option.

A continuity schedule of the Company's outstanding share purchase options from January 1, 2010 to December 31, 2011 is presented below:

	Number of Options Outstanding	Weighted Average Exercise Price (Cdn$)
At January 1, 2010	4,137,228	$11.90
Granted (fair value - $6.9 million or Cdn$5.54 per option)	1,288,700	15.89
Exercised	(2,813,773)	11.85
Forfeited	(8,333)	9.08
At December 31, 2010	2,603,822	$13.91
Granted (fair value - $7.2 million or Cdn$11.28 per option)	626,000	37.37
Exercised	(642,173)	11.96
Forfeited	(26,522)	25.23
At December 31, 2011	**2,561,127**	**$19.60**

As it relates to share purchase options, during the year ended December 31, 2011, the weighted average share price at the time of exercise was Cdn$41.34 per share, as compared to Cdn$24.29 per share during the comparable period in 2010.

The following table summarizes information about the options outstanding and exercisable at December 31, 2011:

Exercise Price (Cdn$)	Exercisable Options	Non-Exercisable Options	Total Options Outstanding	Weighted Average Remaining Contractual Life
$9.08	310,665	-	310,665	2.1 years
$12.60	250,000	-	250,000	0.1 years
$12.97	18,500	-	18,500	1.3 years
$15.88	1	33,333	33,334	3.0 years
$15.89	548,201	347,561	895,762	3.2 years
$15.95	23,333	33,333	56,666	3.2 years
$16.63	380,000	-	380,000	1.2 years
$29.50	-	100,000	100,000	5.0 years
$33.03	-	10,000	10,000	4.4 years
$33.56	-	7,500	7,500	4.9 years
$34.17	-	173,100	173,100	4.4 years
$41.58	-	325,600	325,600	4.2 years
	1,530,700	**1,030,427**	**2,561,127**	**2.7 years**

14.2. Restricted Share Units ("RSUs")

RSUs give the holder the right to receive a specified number of common shares at the specified vesting date. RSUs generally vest over a period of two years. Compensation expense related to RSUs is recognized over the vesting period based upon the fair value of the Company's common shares on the grant date and the awards that are expected to vest. The fair value is calculated with reference to the closing price of the Company's common shares on the TSX on the business day prior to the date of grant.

RSU holders receive a cash payment based on the dividends paid on the Company's common shares in the event that the holder of a vested RSU has elected to defer the release of the RSU to a future date. This cash payment is reflected as a component of net earnings under the classification General and Administrative.

During the year ended December 31, 2011, the Company issued 33,500 RSUs with a fair value of $1.5 million or Cdn$43.74 per RSU. For the same period in 2010, the Company issued 143,400 RSUs with a fair value of $2.2 million or Cdn$16.01 per RSU.

Equity settled stock based compensation expense during the year ended December 31, 2011 included $1.6 million of amortization of the fair value of RSUs issued, compared to $1.7 million during the comparable period in 2010.

At December 31, 2011, there were 157,198 (2010 – 190,991) restricted share units outstanding.

14.3. Share Purchase Warrants

A continuity schedule of the Company's US dollar denominated share purchase warrants ("warrants") from January 1, 2010 to December 31, 2011 is presented below:

	Warrants Outstanding	Weighted Average Exercise Price	Exchange Ratio
At January 1, 2010	2,718,265	$20.00	1.00
Exercised	(60)	20.00	1.00
At December 31, 2010	2,718,205	$20.00	1.00
Exercised	(4,968)	20.00	1.00
At December 31, 2011	2,713,237	$20.00	1.00

The warrants, which expire on September 5, 2013, trade on the TSX under the symbol SLW.WT.U. Each warrant entitles the holder the right to purchase one of the Company's common shares.

15. Stock Based Compensation

The Company's stock based compensation includes share purchase options (Note 14.1), restricted share units (Note 14.2) and performance share units (Note 15.1).

15.1. Performance Share Units ("PSUs")

During the first quarter of 2011, the Company established a Performance Share Unit Plan ("the PSU plan") whereby PSUs will be issued to eligible employees as determined by the Company's Board of Directors or the Company's Compensation Committee. PSUs issued under the PSU plan entitle the holder to a cash payment at the end of a three year performance period equal to the number of PSUs granted, multiplied by a performance factor and multiplied by the fair market value of a Silver Wheaton common share on the expiry of the performance period. The performance factor can range from 0% to 200% and is determined by comparing the Company's total shareholder return to those achieved by various peer companies, the price of silver and the Philadelphia Gold and Silver Index.

The PSUs accumulate dividend equivalents in the form of additional units based on the dividends paid on the Company's common shares. Compensation expense for the PSUs is recorded on a straight-line basis over the three year vesting period. The amount of compensation expense is adjusted on a quarterly basis to reflect the fair market value of common shares and the number of PSUs anticipated to vest based on the anticipated performance factor.

During the year ended December 31, 2011, the Company issued 62,800 PSUs. General and administrative expense during the year ended December 31, 2011 included a $377,000 accrual related to the anticipated fair value of the PSUs issued using a performance factor of 117%, compared to $Nil during the comparable period in 2010.

A continuity schedule of the Company's outstanding PSUs from December 31, 2010 to December 31, 2011 is presented below:

	Number of PSUs Outstanding
At December 31, 2010	-
Granted	62,800
Forfeited	(21,115)
Dividend equivalent participation	228
At December 31, 2011	**41,913**

16. Earnings Per Share ("EPS") and Diluted Earnings Per Share ("Diluted EPS")

Diluted earnings per share is calculated using the treasury method which requires the calculation of diluted earnings per share by assuming that outstanding share purchase options and warrants, with exercise prices that are lower than the average market price for the relevant period, are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the common shares for the relevant period.

Diluted EPS is calculated based on the following weighted average number of shares outstanding:

	Year Ended December 31	
(in thousands)	**2011**	2010
Basic weighted average number of shares outstanding	353,249	344,288
Effect of dilutive securities		
Share purchase options	1,307	1,703
Share purchase warrants	1,186	340
Restricted share units	162	177
Diluted weighted average number of shares outstanding	355,904	346,508

The following lists the share purchase options and share purchase warrants excluded from the computation of diluted earnings per share because the exercise prices exceeded the average market value of the common shares of Cdn$35.50, compared to Cdn$22.86 for the comparable period in 2010.

(in thousands)	Year Ended December 31 2011	2010
Share purchase options	314	-
US dollar denominated share purchase warrants	-	-
Total	314	-

The following lists the Canadian dollar share purchase warrants excluded from the computation of diluted earnings per share because they are anti-dilutive as a result of having to reverse the fair value loss recorded during the period on the Canadian dollar denominated share purchase warrants (Note 12).

(in thousands)	Year Ended December 31 2011	2010
Canadian dollar denominated share purchase warrants	-	3,921

17. Supplemental Cash Flow Information

(in thousands)	Year Ended December 31 2011	2010
Change in non-cash working capital		
Accounts receivable	$ 3,198	$ (2,206)
Accounts payable and accrued liabilities	(918)	(102)
Other	(494)	299
Total change in non-cash working capital	$ 1,786	$ (2,009)

18. Related Party Transactions

Compensation of Key Management Personnel

Key management personnel compensation, including directors, is as follows:

(in thousands)	Year Ended December 31 2011	2010
Short-term benefits [1]	$ 5,504	$ 4,759
Post-employment benefits	57	43
Cash settled stock based compensation	286	-
Equity settled stock based compensation (a non-cash expense)	5,159	5,397
Total executive compensation	$ 11,006	$ 10,199

1) Short-term employee benefits include salaries, bonuses payable within twelve months of the balance sheet date and other annual employee benefits.

19. Post Employment Benefit Costs

The Company sponsors a Group Registered Retirement Savings Plan ("RRSP") for all qualified employees. Participants in the plan can elect to contribute up to the lesser of (i) 50% of the RRSP contribution limit as established under the Canadian Income Tax Act or (ii) 9% of their annual base salary, and the Company will match this contribution. The assets of the Group RRSP are held separately from those of the Company in independently administered funds.

General and administrative expense during 2011 included $171,000 of contributions to the Group RRSP plan made by the Company, as compared to $154,000 during 2010.

20. Income Taxes

Income tax recognized in net earnings is comprised of the following:

	Year Ended December 31	
(in thousands)	**2011**	2010
Current income tax expense related to foreign jurisdictions	$ 762	$ 376
Deferred income tax expense (recovery) relating to the origination and reversal of temporary differences	7,575	(10,248)
Income tax expense (recovery) recognized in net earnings	$ 8,337	$ (9,872)

Income tax recognized directly in equity is comprised of the following:

	Year Ended December 31	
(in thousands)	**2011**	2010
Deferred income tax recovery relating to share issue costs	$ -	$ (3,352)

Income tax recognized in other comprehensive income is comprised of the following:

	Year Ended December 31	
(in thousands)	**2011**	2010
Deferred income tax (recovery) expense related to the (losses) gains on long-term investments - common shares held	$ (10,699)	$ 14,422

The provision for income taxes differs from the amount that would be obtained by applying the statutory income tax rate to consolidated earnings before income taxes due to the following:

(in thousands)	Year Ended December 31 **2011**	2010
Earnings from continuing operations before income taxes	$ 558,365	$ 143,509
Canadian federal and provincial income tax rates	26.50%	28.50%
Income tax expense based on above rates	$ 147,967	$ 40,900
Canadian functional currency election[1]	(3,556)	-
Non-deductible portion of capital losses, net of capital gains	429	(861)
Non-deductible stock based compensation and other	2,141	2,339
Non-taxable loss on derivative liability	-	38,279
Differences in tax rates in foreign jurisdictions	(142,433)	(74,107)
Impact of future income tax rate applied versus current statutory rate	(290)	(230)
Change in unrecognized temporary differences	4,079	(16,192)
Income tax expense (recovery)	$ 8,337	$ (9,872)

1) The Company has elected to prepare its Canadian tax returns using US dollar functional currency, effective January 1, 2011. The election resulted in a one-time benefit of $3.6 million.

The majority of the Company's income generating activities, including the sale of silver, is conducted by its 100% owned subsidiaries, SW Caymans and SST Barbados. SW Caymans operates in the Cayman Islands and is subject to a statutory tax rate of 0% and SST Barbados operates in Barbados and is subject to a statutory tax rate of between 1% and 2.5%.

The movement in deferred tax assets and liabilities for the year ended December 31, 2011 and the year ended December 31, 2010 is shown below:

	Year Ended December 31, 2011					
Recognized deferred tax assets and liabilities	Opening Balance	Recognized In Income Tax Expense Functional Currency Election	Other	Recognized In OCI	Recognized In Shareholders' Equity	Closing Balance
Deferred tax assets						
Non-capital losses	$ 16,153	$ -	$ (3,415)	$ -	$ -	$ 12,738
Long-term investments	366	-	-	(366)	-	-
Financing fees	4,467	-	(1,772)	-	-	2,695
Capital losses	8,775	-	(3,495)	(434)	-	4,846
Foreign exchange on investments	792	-	(792)	-	-	-
Other	184	6	100	-	-	290
Deferred tax liabilities						
Interest capitalized for accounting but deducted for tax	(10,758)	669	(40)	-	-	(10,129)
Foreign exchange on debt	(575)	-	154	-	-	(421)
Long-term investments	(16,230)	-	306	11,499	-	(4,425)
Silver and gold interests	(3,996)	2,881	(2,178)	-	-	(3,293)
Total	$ (822)	$ 3,556	$ (11,132)	$ 10,699	$ -	$ 2,301

Recognized deferred tax assets and liabilities	Opening Balance	Year Ended December 31, 2010 Recognized In Income Tax Expense: Foreign Exchange	Recognized In Income Tax Expense: Other	Recognized In OCI	Recognized In Shareholders' Equity	Closing Balance
Deferred tax assets						
Non-capital losses	$ 9,805	$ 512	$ 3,908	$ -	$ 1,928	$ 16,153
Long-term investments	-	-	-	366	-	366
Financing fees	4,634	242	(1,833)	-	1,424	4,467
Capital losses	-	-	8,775	-	-	8,775
Foreign exchange on investments	-	-	792	-	-	792
Other	-	-	184	-	-	184
Deferred tax liabilities						
Interest capitalized for accounting but deducted for tax	(10,051)	(525)	(182)	-	-	(10,758)
Foreign exchange on debt	-	-	(575)	-	-	(575)
Long-term investments	-	-	(1,442)	(14,788)	-	(16,230)
Silver and gold interests	(4,388)	(229)	621	-	-	(3,996)
Total	$ -	$ -	$ 10,248	$ (14,422)	$ 3,352	$ (822)

The recognized deferred tax assets and liabilities are offset on the balance sheet. Deferred tax assets in Canada not recognized are shown below:

	December 31 2011	December 31 2010	January 1 2010
Non-capital losses	$ -	$ -	$ 6,897
Capital losses	3,971	-	7,283
Unrealized foreign exchange	27	-	848
Unrealized losses on long-term investments	4,272	-	2,776
Financing fees	-	-	2,007
Other	-	-	355
Total	$ 8,270	$ -	$ 20,166

Deferred income tax is not recognized on temporary differences relating to the investments in foreign subsidiaries where the Company is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future. The temporary difference relating to investments in foreign subsidiaries is $543 million, of which $471 million can be repatriated to Canada without any additional taxes. The Company does not plan to repatriate the remaining $72 million that would be subject to tax on remittance. Accordingly, no deferred income tax has been recognized.

At December 31, 2011, the Company has available non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized, the non-capital losses in the amount of $51.0 million will expire as follows: 2027 – $9.9 million, 2028 – $31.7 million, 2029 - $9.4 million. In addition, the Company has available net capital losses of $35.3 million for Canadian income tax purposes which may be carried forward indefinitely to reduce taxable capital gains in future years.

21. Commitments and Contingencies

The following table summarizes the Company's commitments to pay for silver and gold to which it has the contractual right pursuant to the silver purchase agreements or precious metal purchase agreements:

Silver and Gold Interests	Attributable Payable Production to be Purchased		Per Ounce Cash Payment [1,2]		Term of Agreement	Date of Contract
	Silver	Gold	Silver	Gold		
San Dimas	100% [3]	-	$ 4.08	n/a	Life of Mine	15-Oct-04
Zinkgruvan	100%	-	$ 4.14	n/a	Life of Mine	8-Dec-04
Yauliyacu	100% [4]	-	$ 4.02	n/a	20 years	23-Mar-06
Peñasquito	25%	-	$ 3.96	n/a	Life of Mine	24-Jul-07
Minto	100%	100% [5]	$ 3.94	$ 303	Life of Mine	1-Dec-08
Cozamin	100%	-	$ 4.08 [6]	n/a	10 years	4-Apr-07
Barrick						
Pascua-Lama	25%	-	$ 3.90	n/a	Life of Mine	8-Sep-09
Lagunas Norte	100%	-	$ 3.90	n/a	4 years [7]	8-Sep-09
Pierina	100%	-	$ 3.90	n/a	4 years [7]	8-Sep-09
Veladero	100% [8]	-	$ 3.90	n/a	4 years [7]	8-Sep-09
Other						
Los Filos [3]	100%	-	$ 4.13	n/a	25 years	15-Oct-04
Keno Hill	25%	-	$ 3.90	n/a	Life of Mine	2-Oct-08
Mineral Park	100%	-	$ 3.90	n/a	Life of Mine	17-Mar-08
Neves-Corvo	100%	-	$ 3.98	n/a	50 years	5-Jun-07
Stratoni	100%	-	$ 3.98	n/a	Life of Mine	23-Apr-07
Campo Morado	75%	-	$ 3.90	n/a	Life of Mine	13-May-08
Aljustrel	100%	-	$ 3.94	n/a	50 years	5-Jun-07
Loma de La Plata	12.5%	-	$ 4.00	n/a	Life of Mine	n/a [9]
Rosemont	100%	100%	$ 3.90	$ 450	Life of Mine	11-Feb-10

1) Subject to an annual inflationary adjustment with the exception of Loma de La Plata.
2) Should the prevailing market price for silver or gold be lower than this amount, the per ounce cash payment will be reduced to the prevailing market price, with the exception of Yauliyacu.
3) Until August 6, 2014, Silver Wheaton is committed to purchase from Primero a per annum amount equal to the first 3.5 million ounces of payable silver produced at San Dimas and 50% of any excess, plus Silver Wheaton is committed to purchase an additional 1.5 million ounces of silver per annum to be delivered by Goldcorp. After August 6, 2014, Silver Wheaton is committed to purchase from Primero a per annum amount equal to the first 6 million ounces of payable silver produced at San Dimas and 50% of any excess.
4) To a maximum of 4.75 million ounces per annum. In the event that silver produced at Yauliyacu in any year totals less than 4.75 million ounces, the amount sold to Silver Wheaton in subsequent years will be increased to make up for the shortfall, so long as production allows. The cumulative shortfall as at March 23, 2011, representing the five year anniversary, was 9.8 million ounces.
5) The Company is committed to acquire 100% of the first 30,000 ounces of gold produced per annum and 50% thereafter.
6) The payment per ounce of silver delivered from the Cozamin mine may be subject to price adjustments in certain circumstances, the effects of which are being reviewed. Management believes that ultimately no adjustment will be necessary, and, as a result, no provision has been made in these financial statements for any such adjustment.
7) The Company is committed to purchase silver production from the currently producing mines until December 31, 2013. In addition, during 2014 and 2015, the Company is committed to purchase all or a portion of the silver production from these mines to the extent of any production shortfall relative to the production guarantee levels at Pascua-Lama, until Barrick satisfies the completion guarantee.
8) Silver Wheaton's attributable silver production is subject to a maximum of 8% of the silver contained in the ore mined at Veladero during the period.
9) Terms of the agreement not yet finalized.

Other Contractual Obligations

(in thousands)	Obligations With Scheduled Payment Dates 2012	2013 - 2015	2016 - 2017	After 2017	**Sub-Total**	Contingent Obligations	**Total**
Bank debt	$ 28,560	$ 50,060	$ -	$ -	**$ 78,620**	$ -	**$ 78,620**
Interest on bank debt [1]	1,006	792	-	-	**1,798**	-	**1,798**
Silver interest payments							
Barrick	137,500	-	-	-	**137,500**	-	**137,500**
Rosemont [2]	-	-	-	-	**-**	230,000	**230,000**
Loma de La Plata [2]	-	-	-	-	**-**	32,400	**32,400**
Operating leases	493	1,534	594	-	**2,621**	-	**2,621**
Total contractual obligations	$ 167,559	$ 52,386	$ 594	$ -	**$ 220,539**	$ 262,400	**$ 482,939**

1) As the applicable interest rates are floating in nature, the interest charges are estimated based on market-based forward interest rate curves at the end of the reporting period.
2) See the Contingencies section of Note 21.

Contingencies

In connection with the Rosemont precious metal purchase agreement, the Company is committed to pay Augusta total upfront cash payments of $230 million, payable on an installment basis to partially fund construction of the Rosemont mine once certain milestones are achieved, including the receipt of key permits and securing the necessary financing to complete construction of the mine.

In connection with the Company's election to convert the debenture with Pan American into a silver purchase agreement, the Company is committed to pay Pan American total upfront cash payments of $32.4 million following the satisfaction of certain conditions, including Pan American receiving all necessary permits to proceed with the mine construction.

Due to the size, complexity and nature of the Company's operations, various legal and tax matters are outstanding from time to time, including an audit by the Canada Revenue Agency of the Company's international transactions covering the 2005 to 2010 taxation years. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. Based on information available to management at March 22, 2012, the outstanding legal and tax matters are not expected to have a material adverse effect on the Company. However, if the Company is unable to resolve any of these matters favorably, there may be a material adverse impact on the Company's financial performance, cash flows or results of operations. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements in the period that such changes occur.

22. Segmented Information

Operating Segments

The Company's reportable operating segments, which are the components of the Company's business where separate financial information is available and which are evaluated on a regular basis by the Company's CEO, who is the Company's chief operating decision maker, for the purpose of assessing performance, are summarized in the tables below:

	Year Ended December 31, 2011						
(in thousands)	Sales	Cost of sales	Depletion	Net earnings	Cash flow from (used in) operations	Total assets at: Dec 31, 2011	Dec 31, 2010
Silver							
San Dimas [1]	$ 188,377	$ 22,826	$ 3,997	$ 161,554	$ 164,453	$ 167,527	$ 171,524
Zinkgruvan	52,974	5,988	2,483	44,503	49,377	57,639	60,122
Yauliyacu	43,911	5,048	6,308	32,555	38,863	230,012	236,320
Peñasquito	143,069	16,257	9,957	116,855	126,812	504,973	514,930
Cozamin	43,990	5,138	5,834	33,018	40,586	25,115	30,949
Barrick	102,454	11,343	10,419	80,692	89,554	601,085	595,307
Other [2]	125,854	14,185	15,371	96,298	112,414	251,716	266,978
	$ 700,629	$ 80,785	$ 54,369	$ 565,475	$ 622,059	$ 1,838,067	$ 1,876,130
Gold							
Minto	29,368	5,481	3,088	20,799	24,240	33,659	36,747
Total silver and gold interests	$ 729,997	$ 86,266	$ 57,457	$ 586,274	$ 646,299	$ 1,871,726	$ 1,912,877
Corporate							
General and administrative				$ (25,180)			
Other				(11,066)			
Total corporate				$ (36,246)	$ (19,872)	$ 1,000,609	$ 722,506
Consolidated	**$ 729,997**	**$ 86,266**	**$ 57,457**	**$ 550,028**	**$ 626,427**	**$ 2,872,335**	**$ 2,635,383**

1) Results for San Dimas include 1.5 million ounces received from Goldcorp in connection with Goldcorp's four year commitment to deliver to Silver Wheaton 1.5 million ounces of silver per annum resulting from their sale of San Dimas to Primero.
2) Comprised of the operating Los Filos, Keno Hill, Mineral Park, Neves-Corvo, Stratoni, Campo Morado, Minto and Aljustrel silver interests in addition to the non-operating Rosemont and Loma de La Plata silver interests.

	Year Ended December 31, 2010						
(in thousands)	Sales	Cost of sales	Depletion	Net earnings	Cash flow from (used in) operations	Total assets at: Dec 31, 2010	Jan 1, 2010
Silver							
San Dimas [1]	$ 105,747	$ 20,179	$ 3,909	$ 81,659	$ 86,666	$ 171,524	$ 175,431
Zinkgruvan	39,447	7,552	3,198	28,697	30,178	60,122	63,320
Yauliyacu	31,998	6,583	5,746	19,669	25,418	236,320	242,065
Peñasquito	63,632	11,470	7,479	44,683	52,163	514,930	522,148
Cozamin	29,180	5,681	6,512	16,987	23,252	30,949	37,462
Barrick	48,311	9,847	8,966	29,498	36,787	595,307	580,146
Other [2]	73,345	13,672	15,663	44,010	58,182	266,978	265,549
	$ 391,660	$ 74,984	$ 51,473	$ 265,203	$ 312,646	$ 1,876,130	$1,886,121
Gold							
Minto	31,693	7,765	6,098	17,830	23,174	36,747	42,355
Total silver and gold interests	$ 423,353	$ 82,749	$ 57,571	$ 283,033	$ 335,820	$ 1,912,877	$1,928,476
Corporate							
General and administrative				$ (24,669)			
Loss on fair value adjustment of Canadian dollar share purchase warrants issued				(133,210)			
Other [3]				28,227			
Total corporate				$ (129,652)	$ (16,094)	$ 722,506	$ 309,073
Consolidated	**$ 423,353**	**$ 82,749**	**$ 57,571**	**$ 153,381**	**$ 319,726**	**$ 2,635,383**	**$2,237,549**

1) Results for San Dimas include 625,000 ounces received from Goldcorp in connection with Goldcorp's four year commitment to deliver to Silver Wheaton 1.5 million ounces of silver per annum resulting from their sale of San Dimas to Primero.
2) Comprised of the operating Los Filos, Mineral Park, Neves-Corvo, Stratoni, Campo Morado and Minto silver interests, the non-operating Aljustrel, Keno Hill, Rosemont and Loma de La Plata silver interests and the previously owned San Martin and La Negra silver interests.
3) Includes a $5.9 million gain recognized during the year ended December 31, 2010 resulting from the disposition of the La Negra silver purchase agreement.

Geographic Segments

The Company's geographical segments, which are based on the location of the silver or gold interests, are summarized in the tables below:

(in thousands)	Sales	Year Ended December 31, 2011 Carrying Amount Silver Interests	Gold Interests
North America			
Canada	$ 48,278	$ 53,660	$ 33,659
United States	21,100	40,417	-
Mexico	414,902	769,537	-
Europe			
Greece	24,773	41,401	-
Portugal	21,605	33,430	-
Sweden	52,974	57,639	-
South America			
Argentina / Chile[1]	53,853	592,153	-
Peru	92,512	249,830	-
Consolidated	**$ 729,997**	**$ 1,838,067**	**$ 33,659**

1) Includes the Pascua-Lama project, which straddles the border of Chile and Argentina.

(in thousands)	Sales	Year Ended December 31, 2010 Carrying Amount Silver Interests	Gold Interests
North America			
Canada	$ 35,056	$ 56,967	$ 36,747
United States	6,798	42,059	-
Mexico	235,888	794,837	-
Europe			
Greece	16,794	44,448	-
Portugal	9,061	35,182	-
Sweden	39,447	60,122	-
South America			
Argentina / Chile[1]	22,195	581,288	-
Peru	58,114	261,227	-
Consolidated	**$ 423,353**	**$ 1,876,130**	**$ 36,747**

1) Includes the Pascua-Lama project, which straddles the border of Chile and Argentina.

23. Subsequent Event

Declaration of Dividend

On March 22, 2012, the Board of Directors declared a dividend in the amount of $0.09 per common share, representing 20% of the cash generated by operating activities during the three months ended December 31 2011, payable to shareholders of record on April 4, 2012. This dividend is expected to be distributed on or about April 17, 2012.

24. First Time Adoption of IFRS

For all periods up to and including the year ended December 31, 2010, the Company prepared its financial statements in accordance with Canadian GAAP. The Company transitioned from GAAP to IFRS effective January 1, 2010. Accordingly, the Company has prepared financial statements which comply with IFRS applicable for periods beginning on or after January 1, 2010 as described in the accounting policies in Note 2 of the financial statements. This note explains the principal adjustments made by the Company in restating its previous balance sheets as at January 1, 2010 and December 31, 2010 which were prepared in accordance with GAAP in addition to its previously published GAAP statements of earnings and comprehensive income for the year ended December 31, 2010.

The Company's consolidated financial statements for the year ended December 31, 2011 is the first annual financial statements prepared in accordance with IFRS, and, as such, the financial statements were prepared in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1").

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain IFRSs. The Company has applied the following exemption:

- IFRS 3, Business Combinations, has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before January 1, 2010.

An explanation of how the transition from GAAP to IFRS has affected the Company's statement of financial position and statement of comprehensive income is set out in the following statements.

Reconciliation of Financial Position Including Equity as at January 1, 2010

(US dollars in thousands)	GAAP	IAS 32 [1]	IAS 32 [2]	IAS 32 [3]	IFRS 9 [4]	IFRS 9 [5]	IAS 12 [6]	**IFRS**
Assets								
Current assets								
Cash and cash equivalents	$ 227,566	$ -	$ -	$ -	$ -	$ -	$ -	$ 227,566
Accounts receivable	4,881	-	-	-	-	-	-	4,881
Other	1,027	-	-	-	-	-	-	1,027
Total current assets	$ 233,474	$ -	$ -	$ -	$ -	$ -	$ -	$ 233,474
Non-current assets								
Silver and gold interests	$ 1,928,476	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,928,476
Long-term investments	73,747	-	-	-	-	-	-	73,747
Other	1,852	-	-	-	-	-	-	1,852
Total non-current assets	$ 2,004,075	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,004,075
Total assets	$ 2,237,549	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,237,549
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities	$ 10,302	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,302
Current portion of bank debt	28,560	-	-	-	-	-	-	28,560
Current portion of silver interest payments	130,788	-	-	-	-	-	-	130,788
Total current liabilities	$ 169,650	$ -	$ -	$ -	$ -	$ -	$ -	$ 169,650
Non-current liabilities								
Liability for Canadian dollar share purchase warrants	$ -	$ 208,318	$ (166,626)	$ 10,275	$ -	$ -	$ -	$ 51,967
Long-term portion of bank debt	107,180	-	-	-	-	-	-	107,180
Long-term portion of silver interest payments	236,796	-	-	-	-	-	-	236,796
Total non-current liabilities	$ 343,976	$ 208,318	$ (166,626)	$ 10,275	$ -	$ -	$ -	$ 395,943
Total liabilities	$ 513,626	$ 208,318	$ (166,626)	$ 10,275	$ -	$ -	$ -	$ 565,593
Shareholders' Equity								
Issued capital	$ 1,302,301	$ -	$ 166,626	$ -	$ -	$ -	$ 7,553	$ 1,476,480
Reserves	77,788	-	-	(10,275)	(64,149)	1,247	-	4,611
Retained earnings	343,834	(208,318)	-	-	64,149	(1,247)	(7,553)	190,865
Total shareholders' equity	$ 1,723,923	$ (208,318)	$ 166,626	$ (10,275)	$ -	$ -	$ -	$ 1,671,956
Total liabilities and shareholders' equity	$ 2,237,549	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,237,549

1) IAS 32 – Financial Instruments Presentation - to record the fair value adjustment on the Company's share purchase warrants issued with an exercise price denominated in Canadian dollars.
2) IAS 32 – Financial Instruments Presentation - to record the fair value increment on the exercise of the Company's share purchase warrants issued with an exercise price denominated in Canadian dollars.
3) IAS 32 – Financial Instruments Presentation - to reclassify share purchase warrants issued with an exercise price denominated in Canadian dollars.
4) IFRS 9 – Financial Instruments - to reclassify the Canadian GAAP other-than-temporary unrealized loss on long-term investments – common shares held.
5) IFRS 9 – Financial Instruments - to reclassify the realized gain on long-term investments – common shares held.
6) IAS 12 - Income Taxes - to reclassify the realization of deferred income tax assets associated with the Company's share issue costs
7) Certain GAAP figures have been reclassified to conform to the presentation adopted in 2011.

Reconciliation of Financial Position Including Equity as at December 31, 2010

(US dollars in thousands)	GAAP	IAS 32 [1]	IAS 32 [2]	IFRS 9 [3]	IFRS 9 [4]	IAS 12 [5]	**IFRS**
Assets							
Current assets							
Cash and cash equivalents	$ 428,636	$ -	$ -	$ -	$ -	$ -	$ 428,636
Accounts receivable	7,088	-	-	-	-	-	7,088
Other	727	-	-	-	-	-	727
Total current assets	$ 436,451	$ -	$ -	$ -	$ -	$ -	$ 436,451
Non-current assets							
Silver and gold interests	$ 1,912,877	$ -	$ -	$ -	$ -	$ -	$ 1,912,877
Long-term investments	284,448	-	-	-	-	-	284,448
Other	1,607	-	-	-	-	-	1,607
Total non-current assets	$ 2,198,932	$ -	$ -	$ -	$ -	$ -	$ 2,198,932
Total assets	$ 2,635,383	$ -	$ -	$ -	$ -	$ -	$ 2,635,383
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	$ 9,843	$ -	$ -	$ -	$ -	$ -	$ 9,843
Current portion of bank debt	28,560	-	-	-	-	-	28,560
Current portion of silver interest payments	133,243	-	-	-	-	-	133,243
Total current liabilities	$ 171,646	$ -	$ -	$ -	$ -	$ -	$ 171,646
Non-current liabilities							
Deferred income tax liability	$ 822	$ -	$ -	$ -	$ -	$ -	$ 822
Liability for Canadian dollar share purchase warrants	-	341,528	(341,528)	-	-	-	-
Long-term portion of bank debt	78,620	-	-	-	-	-	78,620
Long-term portion of silver interest payments	122,346	-	-	-	-	-	122,346
Total non-current liabilities	$ 201,788	$ 341,528	$ (341,528)	$ -	$ -	$ -	$ 201,788
Total liabilities	$ 373,434	$ 341,528	$ (341,528)	$ -	$ -	$ -	$ 373,434
Shareholders' Equity							
Issued capital	$ 1,430,075	$ -	$ 341,528	$ -	$ -	$ 10,907	$ 1,782,510
Reserves	197,947	-	-	(64,149)	1,566	-	135,364
Retained earnings	633,927	(341,528)	-	64,149	(1,566)	(10,907)	344,075
Total shareholders' equity	$ 2,261,949	$ (341,528)	$ 341,528	$ -	$ -	$ -	$ 2,261,949
Total liabilities and shareholders' equity	$ 2,635,383	$ -	$ -	$ -	$ -	$ -	$ 2,635,383

1) IAS 32 – Financial Instruments Presentation - to record the fair value adjustment on the Company's share purchase warrants issued with an exercise price denominated in Canadian dollars.
2) IAS 32 – Financial Instruments Presentation - to record the fair value increment on the exercise of the Company's share purchase warrants issued with an exercise price denominated in Canadian dollars.
3) IFRS 9 – Financial Instruments - to reclassify the Canadian GAAP other-than-temporary unrealized loss on long-term investments – common shares held.
4) IFRS 9 – Financial Instruments - to reclassify the realized gain on long-term investments – common shares held.
5) IAS 12 - Income Taxes - to reclassify the realization of deferred income tax assets associated with the Company's share issue costs.
6) Certain GAAP figures have been reclassified to conform to the presentation adopted in 2011.

Reconciliation of Net Earnings and Comprehensive Income for the Year Ended December 31, 2010

(US dollars in thousands)	GAAP	IAS 32 [1]	IFRS 9 [2]	IFRS 12 [3]	**IFRS**
Sales	$ 423,353	$ -	$ -	$ -	$ 423,353
Cost of sales					
Cost of sales, excluding depletion	$ 82,749	$ -	$ -	$ -	$ 82,749
Depletion	57,571	-	-	-	57,571
	$ 140,320	$ -	$ -	$ -	$ 140,320
Earnings from operations	$ 283,033	$ -	$ -	$ -	$ 283,033
Expenses and other income					
General and administrative	$ 24,669	$ -	$ -	$ -	$ 24,669
Loss on fair value adjustment of Canadian dollar share purchase warrants issued	-	133,210	-	-	133,210
Foreign exchange gain	(2,266)	-	-	-	(2,266)
Other (income) expense	(16,239)	-	150	-	(16,089)
	$ 6,164	$ 133,210	$ 150	$ -	$ 139,524
Earnings before tax	$ 276,869	$ (133,210)	$ (150)	$ -	$ 143,509
Income tax recovery	13,224	-	-	(3,352)	9,872
Net earnings	$ 290,093	$ (133,210)	$ (150)	$ (3,352)	$ 153,381
Other comprehensive income					
Gain on long-term investments - common shares held	146,193	-	150	-	146,343
Deferred income tax expense	(14,422)	-	-	-	(14,422)
Comprehensive income (loss)	$ 421,864	$ (133,210)	$ -	$ (3,352)	$ 285,302

1) IAS 32 – Financial Instruments Presentation - to record the fair value adjustment on the Company's share purchase warrants issued with an exercise price denominated in Canadian dollars
2) IFRS 9 – Financial Instruments - to reclassify the increase in value of long-term investments – common shares held which were disposed of during the year.
3) IAS 12 - Income Taxes - to reclassify the realization of deferred income tax assets associated with the Company's share issue costs.
4) Certain GAAP figures have been reclassified to conform to the presentation adopted in 2011.

Reconciliation of Cash Flows Generated By Operations for the Year Ended December 31, 2010

(in thousands)	
Cash generated by operating activities - as reported under GAAP	$ 319,761
Adjustments:	
Reallocate dividend income received to a component of *investing activities*	(35)
Cash generated by operating activities - as reported under IFRS	$ 319,726

Reconciliation of Cash Flows Applied to Investing Activities for the Year Ended December 31, 2010

(in thousands)		
Cash applied to investing activities - as reported under GAAP	$	(201,325)
Adjustments:		
Reallocate dividend income received from a component of *operating activities*		35
Cash applied to investing activities - as reported under IFRS	$	(201,290)

Notes to the Restatement of Equity and Reported Income from Canadian GAAP to IFRS

24.1. Share Purchase Warrants (IAS 32 – Financial Instruments Presentation)

For Canadian GAAP purposes, share purchase warrants issued are classified and accounted for as equity in the Company's consolidated financial statements. Under International Accounting Standard 32, Financial Instruments: Presentation ("IAS 32"), share purchase warrants issued with an exercise price denominated in a currency other than the Company's functional currency are to be classified and accounted for as a financial liability which is then remeasured at fair value on a quarterly basis with the gain or loss being reflected as a component of net earnings. This accounting treatment is applicable to the Company's Share Purchase warrants, Series A warrants and Series B warrants, which expired on August 5, 2009, November 30, 2009 and December 22, 2010, respectively. This non-cash adjustment had no effect on the Company's cash flow or liquidity.

24.2. Equity Investments (IFRS 9 – Financial Instruments)

Under IFRS 9, Financial Instruments ("IFRS 9"), the Company's long-term investments in common share held must be recorded at fair market value, with all fair value changes being reflected as a component of net earnings. However, as the Company's long-term investments in common shares held are strategic in nature and are not "held for trading", the Company has made a one time, irrevocable election to present all fair value changes from the long-term investments in common shares held as a component of OCI. No amount recognized in OCI is ever reclassified to net earnings at a later date. Under Canadian GAAP, fair value changes in the Company's long-term investments in common shares held are reflected as a component of OCI unless there is an impairment which is deemed to be other-than-temporary, in which case the unrealized loss is reflected as a component of net earnings. In December 2008, management concluded that the Company's long-term investments in common shares held were other-than-temporarily impaired, resulting in a $64 million loss being recorded as a component of net earnings. This non-cash write down has been reallocated from retained earnings to the long-term investment revaluation reserve.

24.3. Income Taxes (IAS 12 – Income Taxes)

IAS 12, Income Taxes ("IAS 12"), requires that current and deferred taxes be recognized in equity or in OCI when they relate to transactions or events recognized in equity or OCI in either the same or a different period. Under Canadian GAAP, current and deferred income taxes are charged or credited to equity or OCI only when they relate to items recognized in equity or OCI in the current period. The Company has incurred costs related to the issuance of common shares which have been credited directly to shareholders' equity. These share issue costs are deductible for Canadian tax purposes on a straight-line basis over 5 years. Under IAS 12, the deferred tax asset must be charged directly to equity when recognized, whereas under Canadian GAAP the recognition of the deferred tax asset is credited to net earnings unless it is recognized in the same year that the share issue costs were incurred.

CORPORATE INFORMATION

CANADA – HEAD OFFICE
Silver Wheaton Corp.
Park Place, Suite 3150
666 Burrard Street
Vancouver, BC V6C 2X8
Canada
T: 1 604 684 9648
F: 1 604 684 3123

CAYMAN ISLANDS OFFICE
Silver Wheaton (Caymans) Ltd.
Unit #5 - 201 Governors Square
23 Lime Tree Bay Avenue
P.O. Box 1791 George Town, Grand Cayman
Cayman Islands KY1-1109

STOCK EXCHANGE LISTING
Toronto Stock Exchange: SLW
New York Stock Exchange: SLW

DIRECTORS
Lawrence Bell
George Brack
John Brough
Peter Gillin
Douglas Holtby, Chairman
Eduardo Luna
Wade Nesmith
Randy Smallwood

OFFICERS
Randy Smallwood
President & Chief Executive Officer

Curt Bernardi
Senior Vice President,
Legal & Corporate Secretary

Gary Brown
Senior Vice President &
Chief Financial Officer

Haytham Hodaly
Senior Vice President,
Corporate Development

Brad Kopp
Senior Vice President,
Investor Relations

TRANSFER AGENT
CIBC Mellon Trust Company
1600 - 1066 West Hastings Street
Vancouver, BC V6E 3X1

Toll-free in Canada and the United States:
1 800 387 0825

Outside of Canada and the United States:
1 416 682 3860

E: inquiries@canstockta.com

AUDITORS
Deloitte & Touche LLP
Vancouver, BC

INVESTOR RELATIONS
Brad Kopp
Senior Vice President,
Investor Relations
T: 1 604 684 9648
TF: 1 800 380 8687
E: info@silverwheaton.com

SILVER WHEATON CORP.
666 BURRARD STREET, SUITE 3150, VANCOUVER, BC V6C 2X8, CANADA
T: 1 604 684 9648 F: 1 604 684 3123 WWW.SILVERWHEATON.COM

Exhibit 99.3

CERTIFICATION

I, Randy V. J. Smallwood, certify that:

1. I have reviewed this annual report on Form 40-F of Silver Wheaton Corp.;

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 officer(s) 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 officer(s) 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 functions):

   (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.

Date: March 27, 2012

By: /s/ Randy V. J. Smallwood
Randy V. J. Smallwood
Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.4

CERTIFICATION

I, Gary Brown, certify that:

1. I have reviewed this annual report on Form 40-F of Silver Wheaton Corp.;

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 officer(s) 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 officer(s) 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 functions):

   (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.

Date: March 27, 2012

By: /s/ Gary Brown
Gary Brown
Chief Financial Officer
(Principal Financial Officer)

Exhibit 99.5

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Silver Wheaton Corp. (the "Company") on Form 40-F for the period ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Randy V. J. Smallwood, Chief Executive Officer and Director of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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 this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 27, 2012

By: /s/ Randy V. J. Smallwood
Randy V. J. Smallwood
Chief Executive Officer

Exhibit 99.6

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Silver Wheaton Corp. (the "Company") on Form 40-F for the period ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gary Brown, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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 this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 27, 2012

By: /s/ Gary Brown
Gary Brown
Chief Financial Officer

Exhibit 99.7

Consent of Independent Registered Chartered Accountants

We consent to the incorporation by reference in Registration Statement No. 333-128128 on Form S-8 and Registration Statement No. 333-167567 on Form F-10 and to the use of our reports dated March 22, 2012 relating to the consolidated financial statements of Silver Wheaton Corp. and the effectiveness of Silver Wheaton Corp.'s internal control over financial reporting appearing in this Annual Report on Form 40-F of Silver Wheaton Corp. for the year ended December 31, 2011.

/s/ Deloitte & Touche LLP

Independent Registered Chartered Accountants
Vancouver, Canada
March 27, 2012

Exhibit 99.8

March 27, 2012

CONSENT OF VELASQUEZ SPRING

United States Securities and Exchange Commission

Gentlemen:

In connection with Silver Wheaton Corp.'s (the 'Company') Annual Report on Form 40-F for the year ended December 31, 2011 (the 'Annual Report'), I, Velasquez Spring, P.Eng., Senior Geologist of Watts, Griffis and McOuat Limited, hereby consent to the inclusion in, or incorporation by reference into, the Annual Report and the Company's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (File No. 333-167567), of the following:

1. Resource and reserve estimates of the San Dimas Mines; and
2. Technical report dated March 14, 2011, entitled " *Technical Report on the Tayoltita, Santa Rita and San Antonio Mines, Durango Mexico for Silver Wheaton Corp."*

Yours truly,

/s/ Velasquez Spring

Velasquez Spring, P.Eng
Senior Geologist,
Watts, Griffis and McOuat Limited

Exhibit 99.9

March 27, 2012

CONSENT OF GORDON WATTS

United States Securities and Exchange Commission

Gentlemen:

In connection with Silver Wheaton Corp.'s (the 'Company') Annual Report on Form 40-F for the year ended December 31, 2011 (the 'Annual Report'), I, Gordon Watts, P.Eng., Senior Associate Mineral Economist of Watts, Griffis and McOuat Limited, hereby consent to the inclusion in, or incorporation by reference into, the Annual Report and the Company's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (File No. 333-167567), of the following:

1. Resource and reserve estimates of the San Dimas Mines; and
2. Technical report dated March 14, 2011, entitled " *Technical Report on the Tayoltita, Santa Rita and San Antonio Mines, Durango Mexico for Silver Wheaton Corp."*

Yours truly,

/s/ Gordon Watts

Gordon Watts, P.Eng
Senior Associate Mineral Economist,
Watts, Griffis and McOuat Limited

Exhibit 99.10

March 27, 2012

CONSENT OF GUILLERMO PAREJA

United States Securities and Exchange Commission

Gentlemen:

In connection with Silver Wheaton Corp.'s (the 'Company') Annual Report on Form 40-F for the year ended December 31, 2011 (the 'Annual Report'), I, Guillermo Pareja, Ph.D., P.Geo, Manager Mineral Resources, Goldcorp Inc., hereby consent to the inclusion in, or incorporation by reference into, the Annual Report and the Company's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (File No. 333-167567), of the following:

1. Resource estimates of the Peñasquito Operation; and
2. Technical report dated December 31, 2010, entitled "*Penasquito Polymetallic Operation, Zacatecas State, Mexico NI 43-101 Technical Report"* for Silver Wheaton Corp.

Yours truly,

/s/ Guillermo Pareja

Guillermo Pareja, Ph.D., P.Geo
Manager Mineral Resources,
Goldcorp Inc.

Exhibit 99.11

March 27, 2012

CONSENT OF PETER NAHAN

United States Securities and Exchange Commission

Gentlemen:

In connection with Silver Wheaton Corp.'s (the 'Company') Annual Report on Form 40-F for the year ended December 31, 2011 (the 'Annual Report'), I, Peter Nahan, MSc, AusIMM, Senior Evaluation Engineer, Goldcorp Inc., hereby consent to the inclusion in, or incorporation by reference into, the Annual Report and the Company's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (File No. 333-167567), of the following:

1. Reserve estimates of the Peñasquito Operation; and
2. Technical report dated December 31, 2010, entitled " *Penasquito Polymetallic Operation, Zacatecas State, Mexico NI 43-101 Technical Report"* for Silver Wheaton Corp.

Yours truly,

/s/ Peter Nahan

Peter Nahan, MSc, AusIMM
Senior Evaluation Engineer,
Goldcorp Inc.

Exhibit 99.13

March 27, 2012

CONSENT OF MARYSE BELANGER

United States Securities and Exchange Commission

Gentlemen:

In connection with Silver Wheaton Corp.'s (the 'Company') Annual Report on Form 40-F for the year ended December 31, 2011 (the 'Annual Report'), I, Maryse Belanger, P.Geo., Vice President Technical Services, Goldcorp Inc., hereby consent to the inclusion in, or incorporation by reference into, the Annual Report and the Company's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (File No. 333-167567), of the following:

1. General overview of the Peñasquito Operation; and
2. Technical report dated December 31, 2010, entitled " *Penasquito Polymetallic Operation, Zacatecas State, Mexico NI 43-101 Technical Report"* for Silver Wheaton Corp.

Yours truly,

/s/ Maryse Belanger

Maryse Belanger, P.Geo.
Vice President Technical Services,
Goldcorp Inc.

Exhibit 99.14

March 27, 2012

CONSENT OF NEIL BURNS

United States Securities and Exchange Commission

Gentlemen:

In connection with Silver Wheaton Corp.'s (the 'Company') Annual Report on Form 40-F for the year ended December 31, 2011 (the 'Annual Report'), I, Neil Burns, MSc, P.Geo, Vice President Technical Services, Silver Wheaton Corp., hereby consent to the inclusion in, or incorporation by reference into, the Annual Report and the Company's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (File No. 333-167567), of the following:

1. Resource estimates of the Yauliyacu Mine; and
2. Technical report dated March 30, 2011, entitled "*2010 Resource and Reserve Update, Yauliyacu Mine, Peru*".

Yours truly,

/s/ Neil Burns

Neil Burns, MSc, P.Geo
Vice President Technical Services,
Silver Wheaton Corp.

Exhibit 99.15

March 27, 2012

CONSENT OF SAMUEL MAH

United States Securities and Exchange Commission

Gentlemen:

In connection with Silver Wheaton Corp.'s (the 'Company') Annual Report on Form 40-F for the year ended December 31, 2011 (the 'Annual Report'), I, Samuel Mah, M.A.Sc., P.Eng., Director of Engineering, Silver Wheaton Corp., hereby consent to the inclusion in, or incorporation by reference into, the Annual Report and the Company's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (File No. 333-167567), of the following:

1. Reserve estimates of the Yauliyacu Mine; and
2. Technical report dated March 30, 2011, entitled "*2010 Resource and Reserve Update, Yauliyacu Mine, Peru*."

Yours truly,

/s/ Samuel Mah

Samuel Mah, M.A.Sc., P.Eng.
Director of Engineering,
Silver Wheaton Corp.

Exhibit 99.16

March 27, 2012

CONSENT OF DINO PILOTTO

United States Securities and Exchange Commission

Gentlemen:

In connection with Silver Wheaton Corp.'s (the 'Company') Annual Report on Form 40-F for the year ended December 31, 2011 (the 'Annual Report'), I, Dino Pilotto, P.Eng., Principal Mining Consultant (SRK Consulting (Canada) Inc.), hereby consent to the inclusion in, or incorporation by reference into, the Annual Report and the Company's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (File No. 333-167567), of the following:

1. Reserve estimates of the Pascua-Lama Project; and
2. Technical report dated October 28, 2009, entitled "*Amended NI 43-101, Technical Report, Pascua-Lama Project, Region III, Chile / San Juan Province, Argentina*" addressed to Silver Wheaton Corp.

Yours truly,

/s/ Dino Pilotto

Dino Pilotto, P.Eng.
Principal Mining Consultant
SRK Consulting (Canada) Inc.

Exhibit 99.17

March 27, 2012

CONSENT OF BART STRYHAS

United States Securities and Exchange Commission

Gentlemen:

In connection with Silver Wheaton Corp.'s (the 'Company') Annual Report on Form 40-F for the year ended December 31, 2011 (the 'Annual Report'), I, Bart A. Stryhas, Ph.D., CPG (# 11034), Principal Resource Geologist (SRK Consulting (U.S.), Inc.), hereby consent to the inclusion in, or incorporation by reference into, the Annual Report and the Company's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (File No. 333-167567), of the following:

1. Resource estimates of the Pascua-Lama Project;
2. Technical report dated October 28, 2009, entitled "*Amended NI 43-101, Technical Report, Pascua-Lama Project, Region III, Chile / San Juan Province, Argentina*" addressed to Silver Wheaton Corp.

Yours truly,

/s/ Bart Stryhas

Bart A. Stryhas, Ph.D., CPG
Principal Resource Geologist
SRK Consulting (U.S.), Inc.

Exhibit 99.18

March 27, 2012

CONSENT OF CHRISTOPHER ELLIOTT

United States Securities and Exchange Commission

Gentlemen:

In connection with Silver Wheaton Corp.'s (the 'Company') Annual Report on Form 40-F for the year ended December 31, 2011 (the 'Annual Report'), I, Christopher Elliott, B.Eng. (Mining), FAusIMM, Principal Mining Consultant (SRK Consulting (Canada), Inc.), hereby consent to the inclusion in, or incorporation by reference into, the Annual Report and the Company's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (File No. 333-167567), of the following:

1. General overview of the Pascua-Lama Project;
2. Technical report dated October 28, 2009, entitled "*Amended NI 43-101, Technical Report, Pascua-Lama Project, Region III, Chile / San Juan Province, Argentina*" addressed to Silver Wheaton Corp.

Yours truly,

/s/ Christopher Elliott

Christopher Elliott, B.Eng. (Mining), FAusIMM
Principal Mining Consultant
SRK Consulting (Canada), Inc.

Exhibit 99.19

March 27, 2012

CONSENT OF GEORGE EVEN

United States Securities and Exchange Commission

Gentlemen:

In connection with Silver Wheaton Corp.'s (the 'Company') Annual Report on Form 40-F for the year ended December 31, 2011 (the 'Annual Report'), I, George Even, MAusIMM, Principal Partner (SRK Consulting (Chile), S.A.), hereby consent to the inclusion in, or incorporation by reference into, the Annual Report and the Company's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (File No. 333-167567), of the following:

1. Geological review of the Pascua-Lama Project;
2. Technical report dated October 28, 2009, entitled "*Amended NI 43-101, Technical Report, Pascua-Lama Project, Region III, Chile / San Juan Province, Argentina*" addressed to Silver Wheaton Corp.

Yours truly,

/s/ George Even

George Even, MAusIMM
Principal Partner
SRK Consulting (Chile), S.A.

Exhibit 99.20

March 27, 2012

CONSENT OF EDWARD McLEAN

United States Securities and Exchange Commission

Gentlemen:

In connection with Silver Wheaton Corp.'s (the 'Company') Annual Report on Form 40-F for the year ended December 31, 2011 (the 'Annual Report'), I, Edward McLean, FAusIMM, Development Manager (Ausenco Services Pty. Ltd.), hereby consent to the inclusion in, or incorporation by reference into, the Annual Report and the Company's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (File No. 333-167567), of the following:

1. Metallurgical review of the Pascua-Lama Project;
2. Technical report dated October 28, 2009, entitled "*Amended NI 43-101, Technical Report, Pascua-Lama Project, Region III, Chile / San Juan Province, Argentina*" addressed to Silver Wheaton Corp.

Yours truly,

/s/ Edward McLean

Edward McLean, FAusIMM
Development Manager
Ausenco Services Pty. Ltd.

Exhibit 99.21

March 27, 2012

CONSENT OF CAMERON SCOTT

United States Securities and Exchange Commission

Gentlemen:

In connection with Silver Wheaton Corp.'s (the 'Company') Annual Report on Form 40-F for the year ended December 31, 2011 (the 'Annual Report'), I, Cameron Scott, P.Eng., Principal Geotechnical Engineer (SRK Consulting (Canada), Inc.), hereby consent to the inclusion in, or incorporation by reference into, the Annual Report and the Company's Registration Statements on Form S-8 (File No. 333-128128) and Form F-10 (File No. 333-167567), of the following:

1. Geotechnical review of the Pascua-Lama Project;
2. Technical report dated October 28, 2009, entitled "*Amended NI 43-101, Technical Report, Pascua-Lama Project, Region III, Chile / San Juan Province, Argentina*" addressed to Silver Wheaton Corp.

Yours truly,

/s/ Cameron Scott

Cameron Scott, P.Eng.
Principal Geotechnical Engineer
SRK Consulting (Canada), Inc.