

PAN AMERICAN SILVER CORP
Form F-10/A
January 20, 2009

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[TABLE OF CONTENTS](#)

[Table of Contents](#)

As filed with the Securities and Exchange Commission on January 20, 2009

Registration No. 333-156707

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to

FORM F-10

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Pan American Silver Corp.

(Exact name of Registrant as specified in its charter)

British Columbia
(Province or Other Jurisdiction
of Incorporation or Organization)

1044
(Primary Standard Industrial
Classification Code Number)
1500-625 Howe Street
Vancouver, British Columbia
Canada V6C 2T6
(604) 684-1175

Not Applicable
(I.R.S. Employer
Identification No.)

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

CT Corporation
111 Eighth Avenue
New York, New York 10011
(212) 894-8940

(Name, address and telephone number of agent for service in the United States)

Copies to:

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Vancouver, British Columbia, Canada V7X 1T2

**Approximate date of commencement of proposed sale of the securities to the public:
From time to time after this Registration Statement becomes effective.**

Province of British Columbia, Canada
(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box):

- A. Upon filing with the Commission, pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada).
- B. At some future date (check the appropriate box below):
1. pursuant to Rule 467(b) on () at ().
 2. pursuant to Rule 467(b) on () at () because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on ().
 3. pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the Registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.
 4. After the filing of the next amendment to this Form (if preliminary material is being filed).
- If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box.
-

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registration statement shall become effective as provided in Rule 467 under the Securities Act of 1933, as amended (the "Securities Act"), or on such date as the Commission, acting pursuant to Section 8(a) of the Securities Act, may determine.

Table of Contents

PART I

INFORMATION REQUIRED TO BE DELIVERED TO OFFEREEES OR PURCHASERS

I-1

Table of Contents

SHORT FORM BASE SHELF PROSPECTUS

New Issue

January 20, 2009

**PAN AMERICAN SILVER
CORP.**

US\$200,000,000

**Common Shares
Debt Securities
Warrants
Subscription Receipts**

Pan American Silver Corp. (the "Company") may offer for sale, from time to time, common shares ("Common Shares"), debt securities ("Debt Securities"), warrants to purchase Common Shares or Debt Securities ("Warrants") or subscription receipts, which entitle the holder to receive upon satisfaction of certain release conditions, and for no additional consideration, Common Shares, Warrants or Debt Securities of the Company or any combination thereof ("Subscription Receipts") (collectively, the "Securities") or any combination of such Securities in one or more offerings, up to an aggregate initial offering price of US\$200,000,000 (or its equivalent in Canadian dollars or any other currency or currency unit used to denominate the Securities), during the 25-month period that this short form base shelf prospectus (the "Prospectus"), including any amendments hereto, remains valid. The specific terms of the Securities in respect of which this Prospectus is being delivered, will be set forth in a shelf prospectus supplement (a "Prospectus Supplement") and may include, where applicable: (i) in the case of Common Shares, the number of Common Shares offered, the offering price and any other specific terms; (ii) in the case of Debt Securities, the specific designation, aggregate principal amount, currency or the currency unit for which such Debt Securities may be purchased, maturity, interest provisions, authorized denominations, offering price, covenants, events of default, any redemption terms, any sinking fund provisions, any exchange or conversion terms, whether payment on the Debt Securities will be senior or subordinated to the Company's other liabilities and obligations and any other specific terms; (iii) in the case of Warrants, the designation, number and terms of the Common Shares or Debt Securities purchasable upon exercise of the Warrants, any procedures that will result in the adjustment of those numbers, the exercise price, dates and periods of exercise, and the currency or the currency unit in which the exercise price must be paid and any other specific terms; and (iv) in the case of Subscription Receipts, the designation, number and terms of the Common Shares, Warrants or Debt Securities receivable upon satisfaction of certain release conditions, any procedures that will result in the adjustment of those numbers, any additional payments to be made to holders of Subscription Receipts upon satisfaction of the release conditions, the terms of the release conditions, terms governing the escrow of all or a portion of the gross proceeds from the sale of the Subscription Receipts, terms for the refund of all or a portion of the purchase price for Subscription Receipts in the event the release conditions are not met and any other specific terms. A Prospectus Supplement may include specific variable terms pertaining to the Securities that are not within the alternatives and parameters set forth in this Prospectus.

The Company is permitted under a multi-jurisdictional disclosure system adopted by the securities regulatory authorities in Canada and the United States to prepare this Prospectus in accordance with the disclosure requirements of Canada. Prospective investors in the United States should be aware that such requirements are different from those of the United States. The financial statements incorporated by reference in this Prospectus have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), and are subject to Canadian auditing and auditor independence standards. As a result, these financial statements may not be comparable to financial statements of U.S. companies.

(cover page continued on next page)

Table of Contents

Owning securities may subject you to tax consequences both in Canada and the United States. This Prospectus or any applicable Prospectus Supplement may not describe these tax consequences fully. You should read the tax discussion in any Prospectus Supplement with respect to a particular offering and consult your own tax advisor with respect to your own particular circumstances.

Your ability to enforce civil liabilities under the U.S. federal securities laws may be affected adversely because the Company is incorporated in Canada, some of the Company's officers and directors and the experts named in this Prospectus are Canadian residents, and a substantial portion of the Company's assets and the assets of those officers, directors and experts are located outside of the United States.

Neither the U.S. Securities and Exchange Commission (the "SEC") nor any state securities regulator has approved or disapproved the Securities offered hereby or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offence.

Investing in the Securities involves a high degree of risk. You should carefully read the "Risk Factors" section beginning on page 30 of this Prospectus.

All shelf information permitted under applicable securities legislation to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

The Company may offer and sell Securities to or through underwriters or dealers, directly to one or more purchasers pursuant to applicable statutory exemptions, or through agents designated from time to time. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent engaged in connection with the offering and sale of Securities and will set forth the plan of distribution for such Securities, including the proceeds to the Company and any fees, discounts, concessions or other compensation payable to the underwriters, dealers or agents, and any other material terms of the plan of distribution. In connection with any underwritten, offering of the Securities (unless otherwise specified in a Prospectus Supplement), the underwriters or agents may over allot or effect transactions which stabilize or maintain the market price of the Securities offered at a higher level than that which may exist in the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See "Plan of Distribution".

No underwriter has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

The Common Shares of the Company are listed on the Toronto Stock Exchange (the "TSX") and the Nasdaq Stock Market ("Nasdaq"). On January 19, 2009, the closing price of the Common Shares on the TSX was Cdn\$19.88 per Common Share. On January 16, 2009, the last trading day on the Nasdaq prior to the filing of this Prospectus, the closing price of the Common Shares on Nasdaq was US\$15.80 per Common Share. **There is currently no market through which Securities, other than the Common Shares, may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus. This may affect the pricing of the Securities, other than the Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these Securities and the extent of issuer regulation.** See "Risk Factors".

Table of Contents

TABLE OF CONTENTS

<u>DOCUMENTS INCORPORATED BY REFERENCE</u>	<u>4</u>
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION</u>	<u>5</u>
<u>CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING</u>	
<u>ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES</u>	<u>7</u>
<u>CERTAIN AVAILABLE INFORMATION</u>	<u>7</u>
<u>PRESENTATION OF FINANCIAL INFORMATION AND EXCHANGE RATE DATA</u>	<u>8</u>
<u>THE COMPANY</u>	<u>9</u>
<u>BUSINESS OF THE COMPANY</u>	<u>9</u>
<u>RECENT DEVELOPMENTS</u>	<u>9</u>
<u>USE OF PROCEEDS</u>	<u>10</u>
<u>EARNINGS COVERAGE</u>	<u>11</u>
<u>CERTAIN INCOME TAX CONSIDERATIONS</u>	<u>11</u>
<u>DESCRIPTION OF SHARE CAPITAL</u>	<u>12</u>
<u>DESCRIPTION OF DEBT SECURITIES</u>	<u>12</u>
<u>DESCRIPTION OF WARRANTS</u>	<u>25</u>
<u>DESCRIPTION OF SUBSCRIPTION RECEIPTS</u>	<u>27</u>
<u>PLAN OF DISTRIBUTION</u>	<u>30</u>
<u>CHANGES TO CONSOLIDATED CAPITALIZATION</u>	<u>31</u>
<u>RISK FACTORS</u>	<u>32</u>
<u>AUDITORS, TRANSFER AGENT AND REGISTRAR</u>	<u>42</u>
<u>EXPERTS</u>	<u>42</u>
<u>LEGAL MATTERS</u>	<u>43</u>
<u>DOCUMENTS FILED AS PART OF THE U.S. REGISTRATION STATEMENT</u>	<u>43</u>

Prospective investors should rely only on the information contained or incorporated by reference in this Prospectus or any applicable Prospectus Supplement and on the other information included in the registration statement of which this Prospectus forms a part. The Company has not authorized anyone to provide different or additional information. The Company is not making an offer to sell or seeking an offer to buy the Securities in any jurisdiction where the offer or sale is not permitted. Prospective investors should assume that the information contained in this Prospectus or any applicable Prospectus Supplement is accurate only as of the date on the front of those documents and that information contained in any document incorporated by reference is accurate only as of the date of that document, regardless of the time of delivery of this Prospectus or any applicable Prospectus Supplement or of any sale of the Securities. The Company's business, financial condition, results of operations and prospects may have changed since those dates.

Market data and certain industry forecasts used in this Prospectus or any applicable Prospectus Supplement and the documents incorporated by reference in this Prospectus or any applicable Prospectus Supplement were obtained from market research, publicly available information and industry publications. The Company believes that these sources are generally reliable, but the accuracy and completeness of this information is not guaranteed. The Company has not independently verified this information, and does not make any representation as to the accuracy of this information.

In this Prospectus and in any Prospectus Supplement, unless the context otherwise requires, references to "Pan American" and the "Company" refer to Pan American Silver Corp., either alone or together with its subsidiaries.

Table of Contents

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in each of the Provinces and Territories of Canada, which have also been filed with, or furnished to, the SEC. Copies of the documents incorporated by reference in this Prospectus may be obtained on request without charge from the General Counsel and Secretary of the Company at 1500-625 Howe Street, Vancouver, British Columbia, V6C 2T6 (telephone: (604) 684-1175). These documents are also available through the Internet on the System for Electronic Document Analysis and Retrieval ("SEDAR"), which can be accessed at www.sedar.com. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent record may be obtained from the General Counsel and Secretary of the Company at the above-mentioned address and telephone number.

The following documents, filed with the securities commissions or similar regulatory authorities in each of the Provinces and Territories of Canada, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) the Annual Information Form of the Company, dated March 31, 2008;
- (b) the audited consolidated financial statements of the Company and the notes thereto as at and for the years ended December 31, 2007 and 2006, together with the auditors' report thereon;
- (c) management's discussion and analysis of financial condition and results of operations for the years ended December 31, 2007 and 2006;
- (d) the unaudited interim consolidated financial statements of the Company and the notes thereto for the three and nine month periods ended September 30, 2008 and 2007 as filed on SEDAR on November 13, 2008;
- (e) the supplemental financial information relating to the reconciliation of the Company's unaudited interim consolidated financial statement for the three and nine months ended September 30, 2008 and 2007 to U.S. GAAP in accordance with Item 18 of Form 20-F;
- (f) management's discussion and analysis of financial condition and results of operations for the three and nine month periods ended September 30, 2008 and 2007;
- (g) the information circular of the Company, dated April 10, 2008, in connection with the Company's May 11, 2004 annual general meeting of shareholders; and
- (h) a material change report of the Company, dated February 21, 2008, relating to the disclosure of unaudited financial and operating results for the fourth quarter and fiscal year ended December 31, 2007 and providing an update on production, operations and outlook for 2008.

Any documents of the types referred to in the preceding paragraph (excluding confidential material change reports) or of any other type required to be incorporated by reference into a short form prospectus pursuant to National Instrument 44-101 Short Form Prospectus Distributions that are filed by the Company with a securities commission or similar authority in Canada after the date of this Prospectus and prior to the termination of the offering under any Prospectus Supplement shall be deemed to be incorporated by reference into this Prospectus. Any document filed by the Company with the SEC or Report of Foreign Private Issuer on Form 6-K furnished to the SEC pursuant to the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of this Prospectus shall also be deemed to be incorporated by reference into this Prospectus if and to the extent provided in such document.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded for the

Table of Contents

purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of material fact or an omission to state a material fact that is required to be stated or is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded.

A Prospectus Supplement containing the specific terms of an offering of Securities will be delivered to purchasers of such Securities together with this Prospectus and will be deemed to be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement, but only for the purposes of the offering of Securities covered by that Prospectus Supplement.

Upon a new annual information form and related annual financial statements being filed by the Company with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual financial statements and all interim financial statements, material change reports and information circulars and all Prospectus Supplements filed prior to the commencement of the Company's financial year in which the new annual information form was filed shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain of the statements included or incorporated by reference in this Prospectus constitute "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 provincial securities laws. All statements, other than statements of historical fact are forward-looking statements or information. When used in this Prospectus and the documents incorporated by reference herein, the words "anticipate", "believe", "estimate", "expect", "target", "plan", "forecast", "budget", "may", "schedule" and similar words or expressions, identify forward-looking statements or information. These forward-looking statements or information relate to, among other things:

the price of silver and other metals;

the sufficiency of the Company's current working capital, anticipated operating cash flow or its ability to raise necessary funds;

the accuracy of mineral reserve and resource estimates and estimates of future production and future cash and total costs of production at Quiruvilca, Huaron, Morococha, La Colorada, Alamo Dorado, Manantial Espejo or other properties;

estimated production rates for silver and other payable metals produced by the Company, timing of production and the cash and total costs of production at each of the Company's properties;

the estimated cost of and availability of funding for ongoing capital, replacement, improvement or remediation programs;

the estimated cost of construction, development and ramp-up of Manantial Espejo, San Vicente or other projects;

the estimates of expected or anticipated economic returns from a mining project, as reflected in feasibility studies or other reports prepared in relation to development of projects;

Table of Contents

estimated exploration expenditures to be incurred on the Company's various silver exploration properties;

compliance with environmental, health, safety and other laws and regulations;

the effects of laws, regulations and government policies affecting the Company's operations;

forecast non-operating spending;

future sales of the metals, concentrates or other products produced by the Company;

continued access to necessary infrastructure, including without limitation access to power, lands and roads to carry on activities as planned; and

the Company's plans and expectations for its properties and its fourth quarter financial results as described under "Recent Developments".

These statements reflect the Company's current views with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements or information including, without limitation: fluctuations in the spot and forward price of silver, gold, base metals or certain other commodities (such as natural gas, fuel oil and electricity); fluctuations in the currency markets (such as the Peruvian sole and Mexican peso versus the U.S. dollar); changes in national and local government, legislation, taxation, controls, regulations and political or economic developments in Canada, Peru, Mexico, Argentina, Bolivia, the United States or other countries in which the Company may carry on business in the future; operating or technical difficulties in connection with mining or development activities; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding); inadequate insurance, or inability to obtain insurance, to cover these risks and hazards; employee relations; availability and increasing costs associated with mining inputs and labor; the speculative nature of mineral exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of mineral reserves as properties are mined; business opportunities that may be presented to, or pursued by, the Company; the Company's ability to successfully integrate acquisitions; challenges to the Company's title to properties; and the factors identified under the caption "Risk Factors" in this Prospectus, in the Company's Annual Information Form, dated March 31, 2008, under the caption "Risks Relating to Pan American's Business" and in the management's discussion and analysis of financial condition and results of operations for the years ended December 31, 2007 and 2006 under the caption "Risks and Uncertainty". Investors are cautioned against attributing undue certainty to forward-looking statements or information. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update these forward-looking statements or information to reflect changes in assumptions or changes in circumstances or any other events affecting such statements or information, other than as required by applicable law.

Table of Contents

**CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING
ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES**

This Prospectus has been, and any Prospectus Supplement will be, prepared in accordance with the requirements of Canadian provincial securities laws, which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all reserve and resource estimates included in this Prospectus and any Prospectus Supplement have been, and will be, prepared 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 classification system. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Canadian standards, including NI 43-101, differ significantly from the requirements of the SEC, and reserve and resource information contained in or incorporated by reference into this Prospectus and any Prospectus Supplement may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, these documents use the terms "measured resources", "indicated resources" and "inferred resources". U.S. investors are advised that, while such terms are recognized and required by Canadian securities laws, the SEC does not recognize them. Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that any part of a "measured resource" or "indicated resource" will ever be converted into a "reserve". U.S. investors should also understand that "inferred resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of "inferred resources" exist, are economically or legally mineable or will ever be upgraded to a higher category. Under Canadian securities laws, estimated "inferred resources" may not form the basis of feasibility or pre-feasibility studies except in rare cases. Disclosure of "contained ounces" in a mineral resource is permitted disclosure under Canadian securities laws. 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. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC, and reserves reported by the Company in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by companies that report in accordance with U.S. standards.

CERTAIN AVAILABLE INFORMATION

The Company has filed with the SEC a registration statement on Form F-10 (the "Registration Statement") under the United States Securities Act of 1933, as amended, with respect to the Securities. This Prospectus, which constitutes a part of that Registration Statement, does not contain all of the information set forth in such Registration Statement and its exhibits, to which reference is made for further information. See "Documents Filed as Part of the U.S. Registration Statement".

The Company is subject to the informational reporting requirements of the Exchange Act, and in accordance therewith files reports and other information with the SEC. Under a multi-jurisdictional disclosure system adopted by the United States, the Company is permitted to prepare such reports and other information in accordance with the disclosure requirements of Canada, which are different from those of the United States. As a foreign private issuer, the Company is exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and its officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery rules contained in Section 16 of the Exchange Act. Under the Exchange Act, the Company is not required to publish financial statements as frequently or as promptly as U.S. companies.

Table of Contents

The Company files annual reports with the SEC on Form 40-F, which includes:

the Company's Annual Information Form;

management's discussion and analysis of financial condition and results of operations;

the Company's consolidated financial statements, which have been prepared in accordance with Canadian GAAP and reconciled to generally accepted accounting principles in the United States ("U.S. GAAP"); and

other information specified by the Form 40-F.

The Company also furnishes the following types of information to the SEC under cover of Form 6-K:

material information the Company otherwise makes publicly available in reports that it files with securities regulatory authorities in Canada;

material information that the Company files with, and which is made public by, the TSX; and

material information that the Company distributes to its shareholders in Canada.

Investors may read and copy any document the Company files with, or furnishes to, the SEC at the SEC's public reference room at Station Place, 100 F Street, N.E., Washington, D.C. 20549. Copies of the material can also be obtained from the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549 by paying a fee. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Certain of the Company's filings are also electronically available from the SEC's Electronic Document Gathering and Retrieval System, which is common known by the acronym EDGAR, and which may be accessed at www.sec.gov, as well as from commercial document retrieval services.

PRESENTATION OF FINANCIAL INFORMATION AND EXCHANGE RATE DATA

The Company presents its consolidated financial statements in United States dollars. All references in this Prospectus to "dollars", "\$" or "US\$" are to United States dollars and all references to "Cdn\$" are to Canadian dollars, unless otherwise noted. Except as otherwise indicated, all financial statements and financial data contained in, or incorporated by reference into, this Prospectus have been prepared in accordance with Canadian GAAP, which differ in certain significant respects from U.S. GAAP. For a description of the material differences between Canadian GAAP and U.S. GAAP as they relate to the Company's financial statements, see note 20 to the Company's audited consolidated financial statements for the years ended December 31, 2007 and 2006 and the supplemental financial information relating to the reconciliation of the Company's unaudited financial statements for the three and nine months ended September 30, 2008 and 2007, which are incorporated by reference into this Prospectus.

The following table sets forth, for each period indicated, the exchange rates of the Canadian dollar to the U.S. dollar for the end of each period indicated and the high, low and average (based on the exchange rate on the last day of each month during such period) exchange rates for each of such

Table of Contents

periods (such rates, which are expressed in Canadian dollars are based on the noon buying rates for U.S. dollars reported by the Bank of Canada).

	Nine Months Ended September 30, 2008		Nine Months Ended September 30, 2007		Year Ended December 31,					
	Cdn\$		Cdn\$		2007	2006	2005			
High	Cdn\$	1.0796	Cdn\$	1.1853	Cdn\$	1.1853	Cdn\$	1.1726	Cdn\$	1.2704
Low		0.9719		0.9963		0.9170		1.0990		1.1507
Average		1.0184		1.1049		1.0748		1.1342		1.2116
End of Period		1.0599		0.9963		0.9981		1.1653		1.1659

On January 19, 2009, the noon buying rate reported by the Bank of Canada was \$1.00 = Cdn \$1.2521.

THE COMPANY

Pan American is a company existing under the *Business Corporations Act* (British Columbia). The Company's head office is located at 1500 - 625 Howe Street, Vancouver, British Columbia, V6C 2T6 and its registered and records office is located at 900 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V7X 1T2.

BUSINESS OF THE COMPANY

Pan American is principally engaged in the exploration for, and the acquisition, development and operation of, silver producing properties and assets. Pan American's principal product is silver, although copper, zinc, lead and gold are also produced and sold. At present, Pan American carries on mining operations in Mexico, Peru, Argentina and Bolivia, and has control over non-producing silver resources in the United States. Exploration work is carried out in all of the aforementioned countries, as well as elsewhere throughout the world.

RECENT DEVELOPMENTS

The Company achieved a new annual silver production record of 18.7 million ounces in 2008. This represents silver production growth of 9% as compared to 2007 and is within 1% of the Company's 2008 forecast. Cash costs for the year are estimated to be in the range of \$5.75 to \$6.10 per ounce of silver produced, net of by-product credits. During the fourth quarter of 2008, the Company produced approximately 4.6 million ounces of silver at an estimated cash cost in the range of \$7.75 to \$8.25 per ounce. Cash costs in the fourth quarter were adversely affected by significantly reduced by-product metal prices; costs escalation, particularly in connection with energy and labour; and severance and related employee redundancy costs.

The Company's Manantial Espejo mine in Argentina commenced production of silver and gold with the pouring of its first doré on December 29, 2008. Construction of the mine is substantially complete and the mill start-up activities, which began in late November, are underway, including achievement of the first production of silver and gold doré. Open pit and underground mining continues, and previously stockpiled ore is currently being fed into the processing circuit. To the end of December 2008, approximately 10,000 ounces of silver and 230 ounces of gold had been poured. Another 65,000 ounces of silver and 1,200 ounces of gold remained in precipitate as at the end of 2008 and should be poured into doré and shipped by mid-January 2009. The initial commissioning and ramp-up of the plant is progressing well and the Company expects the plant to reach design capacity of 2,000 tonnes per day by the end of the first quarter of 2009.

Table of Contents

The Company's San Vicente expansion project in Bolivia is also nearing mechanical completion, with the commissioning team in place. Efforts are now focused on finishing the installation of the SAG and ball mills, electrical systems and instrumentation, and the main water supply pumping system. The tailings dam, the crushing plant, the flotation circuits, and the thickening and filtration circuits are essentially complete. Expansion of the underground mine is also underway, with the development of new mechanized zone in the Litoral vein well advanced. The Company expects commissioning activities to begin late January 2009 with the first ore expected to be fed to the plant in February 2009.

After a detailed review of all its mines, the Company has decided to initiate the process necessary to suspend operations at its Quiruvilca mine in Peru during 2009. Quiruvilca has been in operation for over 80 years and more recently has become increasingly reliant on base metal production, particularly zinc. Declining base metal prices have rendered current reserves uneconomic. Quiruvilca contributed less than 8% to the Company's total silver production in 2008 and was expected to contribute even less, on a percentage basis, in 2009. The Company intends to significantly reduce underground development, maximize existing developed ore and prioritize the most cost efficient areas of the mine while methodically preparing the mine for a period of care and maintenance. These activities are expected to take approximately six to eight months to complete. As a result of this decision to suspend operations, in the fourth quarter of 2008 the Company expects to write-down the remaining carrying value of the mine of approximately \$12.4 million.

The Company anticipates that, when released in mid-February, its fourth quarter financial results will be negatively impacted by several atypical charges in addition to the Quiruvilca write-down. These will likely include: 1) negative provisional pricing adjustments of approximately \$8.8 million for concentrate shipments made in the third quarter but where pricing had not yet been settled, 2) a foreign currency loss of approximately \$8.6 million, primarily due to holding Canadian dollar cash balances while the U.S. dollar strengthened, 3) a mark to market and realized loss of \$12.1 million on the Company's foreign exchange forward positions for Peruvian Soles and Mexican Pesos which are used to pay local in-country operating expenses, partially offset by a mark to market and realized gain of \$6.4 million on the Company's zinc and lead forward sales positions, and 4) an estimated \$1.1 million charge for employee reduction programs. It should be noted that all of the above charges are current estimates and are subject to further adjustments during the upcoming 2008 year end accounting close, which will include the usual assessment of the carrying values of all the Company's assets.

After absorbing these anticipated expenses, the Company expects to end 2008 with cash and short-term investments of approximately \$34 million, working capital in excess of \$115 million, no debt, an un-drawn \$70 million credit facility for strategic corporate development opportunities, and nearly all of its capital expenditures at Manantial Espejo and San Vicente completed.

Technical information contained in this section has been reviewed by Michael Steinmann, P.Geo., Executive Vice President Geology & Exploration, and Martin Wafforn, P.Eng., VP Technical Services, who are the Company's qualified persons for the purpose of NI 43-101.

USE OF PROCEEDS

Unless otherwise indicated in the applicable Prospectus Supplement, the net proceeds from the sale of Securities will be used by the Company for acquisitions, development of existing or acquired mineral properties, working capital requirements, to repay indebtedness outstanding from time to time or for other general corporate purposes. The Company may, from time to time, issue common shares or other securities otherwise than through the offering of Securities pursuant to this Prospectus.

Table of Contents**EARNINGS COVERAGE**

The following consolidated financial earnings coverage ratios are calculated for the year ended December 31, 2007 and the 12-month period ended September 30, 2008 and give effect to all long-term financial liabilities of Pan American and the repayment, redemption or retirement thereof since those dates, respectively. The earnings coverage ratios and the amount of earnings and interest expense set forth below do not purport to be indicative of earnings coverage ratios for any future periods. The deficiency figures and coverage ratios have been calculated based on Canadian GAAP. These coverage ratios, earnings or interest expenses do not give effect to the issuance of any Debt Securities that may be issued pursuant to this Prospectus and any Prospectus Supplement, since the aggregate principal amounts and the terms of such Debt Securities are not presently known.

	12 Months Ended September 30, 2008	Year Ended December 31, 2007
Earnings coverage (1)	115 x	165 x

(1) Earnings coverage ratio is equal to net income before interest expense and income taxes divided by interest expense on all debt.

The Company's interest expense requirements amounted to approximately \$660,000 for the year ended December 31, 2007. The Company's net income before interest expense and income tax for the year ended December 31, 2007 were approximately \$109,125,000, which is 165 times the Company's interest requirement.

The Company's interest expense requirements amounted to approximately \$1,029,000 for the 12 months ended September 30, 2008. The Company's net income before interest expense and income tax for the 12 months ended September 30, 2008 were approximately \$118,544,000, which is 115 times the Company's interest requirement.

If the Company offers any Debt Securities having a term to maturity in excess of one year under this Prospectus and a Prospectus Supplement, the Prospectus Supplement will include earnings coverage ratios giving effect to the issuance of such Debt Securities.

CERTAIN INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement will describe certain Canadian federal income tax consequences to investors described therein of acquiring Securities, including, in the case of an investor who is not a resident of Canada (for purposes of the *Income Tax Act* (Canada)), if applicable, whether payment of principal, premium, if any, and interest will be subject to Canadian non-resident withholding tax.

The applicable Prospectus Supplement will also describe certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Securities by an initial investor who is a U.S. person (within the meaning of the U.S. Internal Revenue Code), if applicable, including, to the extent applicable, any such consequences relating to Securities payable in a currency other than the U.S. dollar, issued at an original issue discount for U.S. federal income tax purposes or containing early redemption provisions or other special terms.

Table of Contents

DESCRIPTION OF SHARE CAPITAL

The Company is authorized to issue 200,000,000 Common Shares, without par value, of which 80,786,107 are issued and outstanding as at the date of this Prospectus. There are options outstanding to purchase up to 616,259 Common Shares at prices ranging from Cdn\$5.00 to Cdn\$36.66. Holders of Common Shares are entitled to one vote per common share at all meetings of shareholders, to receive dividends as and when declared by the directors of the Company and to receive a pro rata share of the assets of the Company available for distribution to the shareholders in the event of the liquidation, dissolution or winding-up of the Company. There are no pre-emptive, conversion or redemption rights attached to the Common Shares.

DESCRIPTION OF DEBT SECURITIES

In this description of Debt Securities section only, "Pan American" or the "Company" refer to Pan American Silver Corp. but not to its subsidiaries.

The Company may issue Debt Securities in one or more series under an indenture (the "Indenture"), to be entered into among the Company, Computershare Trust Company of Canada, as Canadian trustee, and a U.S. trustee. The Indenture will be subject to and governed by the United States Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and the *Business Corporation Act* (British Columbia). A copy of the form of the Indenture will be filed with the SEC as an exhibit to the Registration Statement of which this Prospectus forms a part. The following description sets forth certain general terms and provisions of the Debt Securities and is not intended to be complete. For a more complete description, prospective investors should refer to the Indenture and the terms of the Debt Securities. If Debt Securities are issued, the Company will describe in the applicable Prospectus Supplement the particular terms and provisions of any series of the Debt Securities and a description of how the general terms and provisions described below may apply to that series of the Debt Securities. Prospective investors should rely on information in the applicable Prospectus Supplement and not on the following information to the extent that the information in such Prospectus Supplement is different from the following information.

The Company may issue debt securities and incur additional indebtedness other than through the offering of Debt Securities pursuant to this Prospectus.

General

The Indenture will not limit the aggregate principal amount of Debt Securities that the Company may issue under the Indenture and will not limit the amount of other indebtedness that the Company may incur. The Indenture will provide that the Company may issue Debt Securities from time to time in one or more series and may be denominated and payable in U.S. dollars, Canadian dollars or any foreign currency. Unless otherwise indicated in the applicable Prospectus Supplement, the Debt Securities will be unsecured obligations of the Company. The Indenture will also permit the Company to increase the principal amount of any series of the Debt Securities previously issued and to issue that increased principal amount.

The applicable Prospectus Supplement for any series of Debt Securities that the Company offers will describe the specific terms of the Debt Securities and may include, but is not limited to, any of the following:

the title of the Debt Securities;

the aggregate principal amount of the Debt Securities;

the percentage of principal amount at which the Debt Securities will be issued;

Table of Contents

whether payment on the Debt Securities will be senior or subordinated to the Company's other liabilities or obligations;

whether the payment of the Debt Securities will be guaranteed by any other person;

the date or dates, or the methods by which such dates will be determined or extended, on which the Company may issue the Debt Securities and the date or dates, or the methods by which such dates will be determined or extended, on which the Company will pay the principal and any premium on the Debt Securities and the portion (if less than the principal amount) of Debt Securities to be payable upon a declaration of acceleration of maturity;

whether the Debt Securities will bear interest, the interest rate (whether fixed or variable) or the method of determining the interest rate, the date from which interest will accrue, the dates on which the Company will pay interest and the record dates for interest payments, or the methods by which such dates will be determined or extended;

the place or places the Company will pay principal, premium, if any, and interest and the place or places where Debt Securities can be presented for registration of transfer or exchange;

whether and under what circumstances the Company will be required to pay any additional amounts for withholding or deduction for Canadian taxes with respect to the Debt Securities, and whether and on what terms the Company will have the option to redeem the Debt Securities rather than pay the additional amounts;

whether the Company will be obligated to redeem or repurchase the Debt Securities pursuant to any sinking or purchase fund or other provisions, or at the option of a holder and the terms and conditions of such redemption;

whether the Company may redeem the Debt Securities prior to maturity and the terms and conditions of any such redemption;

the denominations in which the Company will issue any registered Debt Securities, if other than denominations of US\$1,000 and any multiple of US\$1,000 and, if other than denominations of US\$5,000, the denominations in which any unregistered debt security shall be issuable;

whether the Company will make payments on the Debt Securities in a currency or currency unit other than U.S. dollars or by delivery of the Company's common shares or other property;

whether payments on the Debt Securities will be payable with reference to any index or formula;

whether the Company will issue the Debt Securities as global securities and, if so, the identity of the depositary for the global securities;

whether the Company will issue the Debt Securities as unregistered securities, registered securities or both;

any changes or additions to events of default or covenants;

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the applicability of, and any changes or additions to, the provisions for defeasance described under "Defeasance" below;

whether the holders of any series of Debt Securities have special rights if specified events occur;

the terms, if any, for any conversion or exchange of the Debt Securities for any other securities;

provisions as to modification, amendment or variation of any rights or terms attaching to the Debt Securities; and

any other terms, conditions, rights and preferences (or limitations on such rights and preferences) including covenants and events of default which apply solely to a particular series

Table of Contents

of the Debt Securities being offered which do not apply generally to other Debt Securities, or any covenants or events of default generally applicable to the Debt Securities which do not apply to a particular series of the Debt Securities.

Unless stated otherwise in the applicable Prospectus Supplement, no holder of Debt Securities will have the right to require the Company to repurchase the Debt Securities and there will be no increase in the interest rate if the Company becomes involved in a highly leveraged transaction or the Company has a change of control.

The Company may issue Debt Securities bearing no interest or interest at a rate below the prevailing market rate at the time of issuance, and offer and sell these securities at a discount below their stated principal amount. The Company may also sell any of the Debt Securities for a foreign currency or currency unit, and payments on the Debt Securities may be payable in a foreign currency or currency unit. In any of these cases, the Company will describe certain Canadian federal and U.S. federal income tax consequences and other special considerations in the applicable Prospectus Supplement.

The Company may issue Debt Securities with terms different from those of Debt Securities previously issued and, without the consent of the holders thereof, the Company may reopen a previous issue of a series of Debt Securities and issue additional Debt Securities of such series (unless the reopening was restricted when such series was created).

Ranking and Other Indebtedness

Unless otherwise indicated in an applicable Prospectus Supplement, the Debt Securities will be unsecured obligations and will rank equally with all of the Company's other unsecured and other subordinated debt from time to time outstanding and equally with other Debt Securities issued under the Indenture. The Indenture will provide that the Debt Securities will be subordinated to and junior in right of payment to all present and future Senior Indebtedness of Senior Indebtedness. "Senior Indebtedness" will be defined in the Indenture as: (a) all indebtedness, obligations and liabilities of the Company in respect of borrowed money, other than: (i) indebtedness evidenced by the Debt Securities; and (ii) indebtedness which, by the terms of the instrument creating or evidencing it, is expressed to rank in right of payment equally with or subordinate to the indebtedness evidenced by the Debt; (b) all obligations of the Company for the reimbursement of amounts paid pursuant to any letter of credit, banker's acceptance or similar credit transaction; and (c) all obligations of the type referred to in paragraphs (a) through (b) above of other persons for the payment of which the Company is responsible or liable as obligor, guarantor or otherwise. For greater certainty, "Senior Indebtedness" will include all indebtedness of the Company for borrowed money which is outstanding as at the date of the Indenture.

The Company's board of directors may establish the extent and manner, if any, to which payment on or in respect of a series of Debt Securities will be senior or will be subordinated to the prior payment of the Company's other liabilities and obligations, other than Senior Indebtedness, and whether the payment of principal, premium, if any, and interest, if any, will be guaranteed by any other person and the nature and priority of any security.

Debt Securities in Global Form

The Depositary and Book-Entry

Unless otherwise specified in the applicable Prospectus Supplement, a series of the Debt Securities may be issued in whole or in part in global form as a "global security" and will be registered in the name of or issued in bearer form and be deposited with a depositary, or its nominee, each of which will be identified in the applicable Prospectus Supplement relating to that series. Unless and until

Table of Contents

exchanged, in whole or in part, for the Debt Securities in definitive registered form, a global security may not be transferred except as a whole by the depositary for such global security to a nominee of the depositary, by a nominee of the depositary to the depositary or another nominee of the depositary or by the depositary or any such nominee to a successor of the depositary or a nominee of the successor.

The specific terms of the depositary arrangement with respect to any portion of a particular series of the Debt Securities to be represented by a global security will be described in the applicable Prospectus Supplement relating to such series. The Company anticipates that the provisions described in this section will apply to all depositary arrangements.

Upon the issuance of a global security, the depositary therefor or its nominee will credit, on its book entry and registration system, the respective principal amounts of the Debt Securities represented by the global security to the accounts of such persons, designated as "participants", having accounts with such depositary or its nominee. Such accounts shall be designated by the underwriters, dealers or agents participating in the distribution of the Debt Securities or by the Company if such Debt Securities are offered and sold directly by the Company. Ownership of beneficial interests in a global security will be limited to participants or persons that may hold beneficial interests through participants. Ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the depositary therefor or its nominee (with respect to interests of participants) or by participants or persons that hold through participants (with respect to interests of persons other than participants). The laws of some states in the United States may require that certain purchasers of securities take physical delivery of such securities in definitive form.

So long as the depositary for a global security or its nominee is the registered owner of the global security or holder of a global security in bearer form, such depositary or such nominee, as the case may be, will be considered the sole owner or holder of the Debt Securities represented by the global security for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have a series of the Debt Securities represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of such series of the Debt Securities in definitive form and will not be considered the owners or holders thereof under the Indenture.

Any payments of principal, premium, if any, and interest, if any, on global securities registered in the name of a depositary or its nominee will be made to the depositary or its nominee, as the case may be, as the registered owner of the global security representing such Debt Securities. None of the Company, any trustee or any paying agent for the Debt Securities represented by the global securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of the global security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company expects that the depositary for a global security or its nominee, upon receipt of any payment of principal, premium, if any, or interest, if any, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global security as shown on the records of such depositary or its nominee. The Company also expects that payments by participants to owners of beneficial interests in a global security held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants.

Discontinuance of Depositary's Services

If a depositary for a global security representing a particular series of the Debt Securities is at any time unwilling or unable to continue as depositary or, if at any time the depositary for such series shall

Table of Contents

no longer be registered or in good standing under the Exchange Act, and a successor depository is not appointed by us within 90 days, the Company will issue such series of the Debt Securities in definitive form in exchange for a global security representing such series of the Debt Securities. If an event of default under the Indenture has occurred and is continuing, Debt Securities in definitive form will be printed and delivered upon written request by the holder to the appropriate trustee. In addition, the Company may at any time and in the Company's sole discretion determine not to have a series of the Debt Securities represented by a global security and, in such event, will issue a series of the Debt Securities in definitive form in exchange for all of the global securities representing that series of Debt Securities.

Debt Securities in Definitive Form

A series of the Debt Securities may be issued in definitive form, solely as registered securities, solely as unregistered securities or as both registered securities and unregistered securities. Registered securities will be issuable in denominations of US\$1,000 and integral multiples of US\$1,000 and unregistered securities will be issuable in denominations of US\$5,000 and integral multiples of US\$5,000 or, in each case, in such other denominations as may be set out in the terms of the Debt Securities of any particular series. Unless otherwise indicated in the applicable Prospectus Supplement, unregistered securities will have interest coupons attached.

Unless otherwise indicated in the applicable Prospectus Supplement, payment of principal, premium, if any, and interest, if any, on the Debt Securities (other than global securities) will be made at the office or agency designated by the Company, or at the Company's option the Company can pay principal, interest, if any, and premium, if any, by check mailed or delivered to the address of the person entitled at the address appearing in the security register of the trustee or electronic funds wire or other transmission to an account of persons who meet certain thresholds set out in the Indenture who are entitled to receive payments. Unless otherwise indicated in the applicable Prospectus Supplement, payment of interest, if any, will be made to the persons in whose name the Debt Securities are registered at the close of business on the day or days specified by the Company.

At the option of the holder of Debt Securities, registered securities of any series will be exchangeable for other registered securities of the same series, of any authorized denomination and of a like aggregate principal amount and tenor. If, but only if, provided in an applicable Prospectus Supplement, unregistered securities (with all unmatured coupons, except as provided below, and all matured coupons in default) of any series may be exchanged for registered securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor. In such event, unregistered securities surrendered in a permitted exchange for registered securities between a regular record date or a special record date and the relevant date for payment of interest shall be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable on such date for payment of interest in respect of the registered security issued in exchange for such unregistered security, but will be payable only to the holder of such coupon when due in accordance with the terms of the Indenture. Unless otherwise specified in an applicable Prospectus Supplement, unregistered securities will not be issued in exchange for registered securities.

The applicable Prospectus Supplement may indicate the places to register a transfer of the Debt Securities in definitive form. Except for certain restrictions set forth in the Indenture, no service charge will be payable by the holder for any registration of transfer or exchange of the Debt Securities in definitive form, but the Company may, in certain instances, require a sum sufficient to cover any tax or other governmental charges payable in connection with these transactions.

The Company shall not be required to:

issue, register the transfer of or exchange any series of the Debt Securities in definitive form during a period beginning at the opening of business 15 days before any selection of securities of

Table of Contents

that series of the Debt Securities to be redeemed and ending on the relevant date of notice of such redemption, as provided in the Indenture;

register the transfer of or exchange any registered security in definitive form, or portion thereof, called for redemption, except the unredeemed portion of any registered security being redeemed in part;

exchange any unregistered security called for redemption except to the extent that such unregistered security may be exchanged for a registered security of that series and like tenor; provided that such registered security will be simultaneously surrendered for redemption with written instructions for payment consistent with the provisions of the Indenture; or

issue, register the transfer of or exchange any of the Debt Securities in definitive form which have been surrendered for repayment at the option of the holder, except the portion, if any, thereof not to be so repaid.

Merger, Amalgamation or Consolidation

The Indenture wi