



DOCUMENTS INCLUDED AS PART OF THIS REPORT

Document

- 1 Audited comparative consolidated financial statements of the Registrant and the notes thereto for the financial year ended December 31, 2010, together with the report of the auditors thereon.
- 2 Management's discussion and analysis of the financial condition and results of operations of the Registrant for the fiscal year ended December 31, 2010.

This report on Form 6-K is incorporated by reference into the Registrant's outstanding registration statements on Form F-10 (No. 333-164752) and on Form S-8 (No. 333-149580) that have been filed with the Securities and Exchange Commission.

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Consolidated Financial Statements  
for the Year Ended December 31, 2010

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#### Report of Independent Registered Chartered Accounts

To the Board of Directors and Shareholders of Pan American Silver Corp.

We have audited the accompanying consolidated financial statements of Pan American Silver Corp. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009, and the consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the years in the three-year period ended 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 Canadian generally accepted accounting principles, 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.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Pan American Silver Corp. and subsidiaries as at December 31, 2010 and December 31, 2009 and the results of their operations and cash flows for each of the years in the three-year period ended December 31, 2010 in accordance with Canadian generally accepted accounting principles.

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, 2010, 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, 2011 expressed an unqualified opinion on the Company's internal control over financial reporting.

Independent Registered Chartered Accountants  
March 22, 2011  
Vancouver, Canada

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#### Report of Independent Registered Chartered Accountants

To the Board of Directors and Shareholders of Pan American Silver Corp.

We have audited the internal control over financial reporting of Pan American Silver Corp. and subsidiaries (the “Company”) as of December 31, 2010, 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, 2010, 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 the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31,

2010 of the Company and our report dated March 22, 2011 expressed an unqualified opinion on those financial statements.

Independent Registered Chartered Accountants  
March 22, 2011  
Vancouver, Canada

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Pan American Silver Corp.  
Consolidated Balance Sheets  
As at December 31, 2010  
(in thousands of U.S. dollars)

	2010	2009
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 179,921	\$ 100,474
Short-term investments (Note 6)	180,583	92,623
Accounts receivable (Note 5)	66,893	66,059
Income taxes receivable	87	12,132
Inventories (Note 5 & 7)	106,854	93,446
Unrealized gain on commodity contracts	-	160
Future income taxes (Note 19)	8,172	4,993
Prepaid and other deferred expenses	6,520	2,568
<b>Total Current Assets</b>	<b>549,030</b>	<b>372,455</b>
Mineral property, plant and equipment, net (Note 8)	1,492,538	1,457,724
Long-term refundable tax receivable	28,171	11,909
Future income taxes (Note 19)	1,251	-
Other assets (Note 9)	1,618	6,521
<b>Total Assets</b>	<b>\$ 2,072,608</b>	<b>\$ 1,848,609</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 81,230	\$ 96,159
Future income taxes (Note 19)	4,312	-
Income taxes payable	29,699	4,021
<b>Total Current Liabilities</b>	<b>115,241</b>	<b>100,180</b>
Provision for asset retirement obligation and reclamation (Note 11)	69,463	62,775
Future income taxes (Note 19)	331,228	305,820
Other liabilities (Note 12)	28,614	20,788
<b>Total Liabilities</b>	<b>544,546</b>	<b>489,563</b>
Non-controlling Interests	7,774	15,256
<b>Shareholders' Equity (Note 14)</b>		
Share capital (authorized: 200,000,000 common shares of no par value)	1,272,860	1,206,647
Contributed surplus	45,303	47,293
Accumulated other comprehensive income (Note 13)	9,346	1,618
Retained earnings	192,779	88,232
Retained earnings and accumulated other comprehensive income	202,125	89,850
<b>Total Shareholders' Equity</b>	<b>1,520,288</b>	<b>1,343,790</b>
<b>Total Liabilities, Non-Controlling Interests and Shareholders' Equity</b>	<b>\$ 2,072,608</b>	<b>\$ 1,848,609</b>

See accompanying notes to consolidated financial statements.

Commitments and Contingencies (Note 18).

APPROVED BY THE BOARD

“signed”      Ross J. Beaty, Director

“signed”

Geoff A. Burns,  
Director

Pan American Silver Corp.  
 Consolidated Statements of Operations  
 For the years ended December 31, 2010, 2009 and 2008  
 (in thousands of U.S. dollars, except for per share amounts)

	2010	2009	2008
Sales	\$631,986	\$454,812	\$338,600
Cost of sales	305,696	245,637	199,032
Depreciation and amortization	86,483		