

SILVER WHEATON CORP.

FORM 40-F/A

(Amended Annual Report (foreign private issuer))

Filed 3/21/2007 For Period Ending 12/31/2005

Address	WATERFRONT CENTRE SUITE 1560 200 BURRARD VANCOUVER, V6C 3L6
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CIK	0001323404
Industry	Gold & Silver
Sector	Basic Materials
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1

TO
FORM 40-F

(Check one)

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934
OR
☒ ANNUAL REPORT PURSUANT TO SECTION 13(A) OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: **December 31, 2005**

Commission file number **001-32482**

Silver Wheaton Corp.

(Exact name of Registrant as specified in its charter)

Not Applicable	Ontario, Canada	Not Applicable
(Translation of Registrant's name into English (if applicable))	(Province of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number (if applicable))

1041

(Primary Standard Industrial Classification Code Number (if applicable))

666 Burrard Street, Suite 3400, Vancouver, British Columbia V6C 2X8 Canada (604) 684-9648

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

Martin Pomerance, Dorsey & Whitney LLP, 250 Park Avenue, New York, New York 10177, USA (212) 415-9200

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
Common Shares, no par value

Name of each exchange on which registered
New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

For annual reports, indicate by check mark the information filed with this Form:

- ☒ Annual information form ☐ 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.

As at December 31, 2005, 183,375,000 Common Shares without par value were outstanding.

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the filing number assigned to the Registrant in connection with such Rule.

☐ Yes 82-_____

☒ No

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.

☒ Yes

☐ No

The Annual Report on Form 40-F shall be incorporated by reference into the Registrant's Registration Statement on Form S-8 (File No. 333-128128) under the Securities Act of 1933.

EXPLANATORY NOTE

This Amendment No. 1 to Form 40-F for the year ended December 31, 2005 is being filed to restate the Registrant's U.S. GAAP note to its financial statements for the year ended December 31, 2005. This restatement only pertains to the Registrant's U.S. GAAP reconciliation note disclosure and there are no other changes to the Registrant's financial statements.

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 amendment to the Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SILVER WHEATON CORP.

/s/ Peter Barnes

Peter Barnes

President and Chief Executive Officer

Date: March 20, 2007

EXHIBIT INDEX

The following exhibits have been filed as part of the Annual Report:

<u>Exhibit</u>	<u>Description</u>
99.1*	Annual Information Form dated March 16, 2006
99.2 ⁽¹⁾	Audited financial statements of the Registrant, and the notes thereto for fiscal 2005 together with the report of the auditors thereon, including a U.S. GAAP reconciliation
99.3 ⁽¹⁾	Management's Discussion and Analysis for fiscal 2005
99.4 ⁽¹⁾	Consent of Deloitte & Touche LLP, Independent Registered Chartered Accountants
99.5*	Consent of Watts, Griffis McOuat
99.6*	Consent of Watts, Griffis McOuat
99.7*	Consent of Reynalds Rivera
99.8 ⁽¹⁾	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.9 ⁽¹⁾	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

*Previously filed and incorporated by reference into Amendment No.1 therein.

⁽¹⁾ Filed herewith.

SILVER | WHEATON



05

December 31, 2005

Management's Discussion and Analysis of Results of Operations and Financial Condition

The following should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2005 and related notes thereto which have been prepared in accordance with Canadian generally accepted accounting principles. All figures are in United States dollars unless otherwise noted. This Management's Discussion and Analysis has been prepared as of March 3, 2006.

2005 HIGHLIGHTS

- **Net earnings of \$25.3 million (\$0.15 per share) from the sale of 9.7 million ounces of silver (four months ended December 31, 2004 – net earnings of \$1.8 million (\$0.02 per share) from the sale of 1.5 million ounces).**
- **Operating cash flows of \$30.0 million (four months ended December 31, 2004 - \$8.4 million).**
- **Cash and cash equivalents at December 31, 2005 of \$117.7 million (December 31, 2004 - \$20.0 million) and working capital of \$118.7 million (December 31, 2004 - \$18.1 million).**
- **Acquired 15% interest in Bear Creek Mining Corporation, developing the Corani silver project in Peru.**
- **In July, 2005 the Company began trading on the AMEX under the symbol SLW.**
- **In December, 2005 the Company raised gross proceeds of \$86 million by way of public offering.**
- **The Company is debt free, unhedged and seeking further acquisitions.**
- **In February, 2006, Silver Wheaton announced that it had agreed to amend its existing agreement with Goldcorp, whereby Silver Wheaton will acquire increased silver production from Goldcorp of more than 100 million ounces over 24 years.**
- **In February, 2006, Silver Wheaton announced that it has agreed to purchase 4.75 million ounces of silver per year, for a period of 20 years, from Glencore International AG, based on the production from their Yauliyacu mining operations in Perú, increasing annual silver sales to 20 million ounces by 2009.**

OVERVIEW

Silver Wheaton Corp. ("Silver Wheaton" or the "Company") is a growth-oriented silver company, and is the only mining company with 100% of its revenue from silver production. The Company's goal is to be recognized as the largest, most profitable and best managed pure silver company in the world.

During the four months ended December 31, 2004, Silver Wheaton acquired the rights to purchase all of the silver produced by Goldcorp's Luismin mines in Mexico, and by Lundin Mining's Zinkgruvan mine in Sweden (the "Luismin Transaction" and the "Zinkgruvan Transaction" respectively). Both mines are low-cost producers and are expected to have remaining lives of over 20 years.

During August, 2005, the Company acquired approximately 15% of the common shares of Bear Creek Mining Corporation (TSXV: BCM) ("Bear Creek") for total consideration of \$13.7 million (Cdn\$16.4 million.)

On December 22, 2005, the Company raised gross proceeds of \$86.2 million (Cdn\$100.0 million) from a private placement of 15,625,000 subscription receipts at a price of Cdn\$6.40 per unit. The Company is actively pursuing further growth opportunities either by way of entering into long-term silver purchase contracts, or by acquiring silver exploration, development or production assets.

On February 13, 2006, Silver Wheaton announced that it had agreed to amend its existing silver purchase agreement with Goldcorp, in connection with Goldcorp's plans to substantially increase its investment in exploration and development at its San Dimas mine in Mexico, resulting in projected additional silver production of more than 100 million ounces over the remaining term of their 25 year agreement.

On February 23, 2006, Silver Wheaton announced that it has agreed to purchase 4.75 million ounces of silver per year, for a period of 20 years, from Glencore International AG, based on the production from their Yauliyacu mining operations in Perú. With this acquisition, Silver Wheaton is expected to have annual silver sales of over 15 million ounces in 2006 increasing to 20 million ounces by 2009 and thereafter.

SILVER WHEATON CORP. RESTATEMENT

Silver Wheaton is filing this amendment to its Annual Report for the year ended December 31, 2005, to amend and restate the United States Generally Accepted Accounting Principles ("US GAAP") note disclosure in its financial statements for the year ended December 31, 2005, and the four months ended December 31, 2004. In addition, the Company is filing amendments to its Quarterly Report for the period ended June 30, 2006, to amend and restate the US GAAP note disclosure in its financial statements for the second quarter of 2006. The restatement adjusts the Company's US GAAP accounting for share purchase warrants with an exercise price denominated in a currency other than the Company's functional currency, issued by the Company commencing in October 2004.

The Company reports in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and provides note disclosure in its financial statements with respect to a reconciliation of Canadian GAAP to US GAAP. Under Canadian GAAP, share purchase warrants are accounted for as equity and recorded at their historical cost. Based on an interpretation by US regulatory authorities, of Statement of Financial Accounting Standards ("SFAS") No. 133, *Accounting for Derivative Instruments and Hedging Activities*, share purchase warrants denominated in a currency other than the functional currency of the Company are classified and accounted for as a financial liability at their fair value with any resulting gains or losses being included in the calculation of US GAAP earnings. In these circumstances, a loss (gain) would be recorded by the Company when the value of the share purchase warrants increases (decreases).

As a result of this interpretation, the Company has restated its US GAAP net earnings for the year ended December 31, 2005 and the four months ended December 31, 2004 to reflect the mark-to-market impacts related to fair valuation of these series of warrants. The restatement has no effect on the Company's cash flows or liquidity at the ends of the respective restated periods.

An analysis of this non-cash restatement to US GAAP is as follows:

	Year Ended		Four Months	Year Ended	
	December 31	December 31	Ended	August 31	August 31
	2005	2004	December 31	2004	2003
<i>(In thousands of USD)</i>					
Decrease in US GAAP net earnings	\$ (50,051)	\$ (8,028)		\$ -	\$ -
Amended US GAAP net loss	\$ (24,760)	\$ (6,263)		\$ -	\$ -
Increase in liabilities	\$ 96,927	\$ 36,607		\$ -	\$ -
Decrease to shareholder's equity	\$ 96,927	\$ 36,607		\$ -	\$ -

The Financial Accounting Standards Board ("FASB") has recently initiated a project on a similar issue to provide implementation guidance on determining whether a conversion option in convertible debt issued with a conversion option that has an exercise price that is denominated in a currency other than the issuer's functional currency qualifies for the scope exception provided in SFAS 133. This would indicate that the accounting for the issue that gave rise to the Company's amendment relating to its outstanding share purchase warrants may be revisited by the FASB.

SUMMARIZED FINANCIAL RESULTS

The year end of the Company was changed from August 31 to December 31. The current fiscal period ended December 31, 2005 includes the results of operations for the year then ended. Comparative figures are for the four months ended December 31, 2004 and the twelve months ended August 31, 2004 and 2003.

	December 31 2005 (12 Months)	December 31 2004 (4 Months)	August 31 2004 (12 Months)	August 31 2003 (12 Months)
Silver sales (\$000's)	\$ 70,895	\$ 10,986	\$ -	\$ -
Ounces (000's)	9,702	1,505	-	-
Average realized silver price (\$'s per ounce)	\$ 7.31	\$ 7.30	\$ -	\$ -
Total cash cost (\$'s per ounce)	\$ 3.90	\$ 3.90	\$ -	\$ -
Net earnings (loss) (\$000's)	\$ 25,291	\$ 1,765	\$ (151)	\$ 59
Basic and diluted earnings (loss) per share	\$ 0.15	\$ 0.02	\$ (0.09)	\$ 0.03
Cash flow from (used in) operations (\$000's)	\$ 30,004	\$ 8,356	\$ (44)	\$ (15)
Cash and cash equivalents (\$000's)	\$ 117,741	\$ 19,989	\$ 320	\$ 92
Total assets (\$000's)	\$ 266,151	\$ 156,988	\$ 53,491	\$ 543
Shareholders' equity (\$000's)	\$ 264,190	\$ 154,431	\$ 50,171	\$ 446

1) Refer to discussion on Non-GAAP measures

QUARTERLY FINANCIAL RESULTS

		2005					
		Q4	Q3	Q2	Q1	Total	
Silver sales (\$000's)	\$	17,474	\$ 18,081	\$ 19,263	\$ 16,077	\$	70,895
Ounces (000's)		2,176	2,535	2,668	2,323		9,702
Average realized silver price (\$'s per ounce)	\$	8.03	\$ 7.13	\$ 7.22	\$ 6.92	\$	7.31
Total cash cost (\$'s per ounce) ¹	\$	3.90	\$ 3.90	\$ 3.90	\$ 3.90	\$	3.90
Net earnings (\$000's)	\$	7,009	\$ 6,378	\$ 6,722	\$ 5,182	\$	25,291
Basic and diluted earnings per share	\$	0.04	\$ 0.04	\$ 0.04	\$ 0.03	\$	0.15
Cash flow from operations (\$000's)	\$	7,654	\$ 7,947	\$ 9,253	\$ 5,150	\$	30,004

1) Refer to discussion on Non-GAAP measures

		December 31 2004 (4 Months)	August 31 2004 (3 Months)	May 31 2004 (3 Months)	February 29 2004 (3 Months)
Silver sales (\$000's)	\$	10,986	\$ -	\$ -	\$ -
Ounces (000's)		1,505	-	-	-
Average realized silver price (\$'s per ounce)	\$	7.30	\$ -	\$ -	\$ -
Total cash cost (\$'s per ounce) ¹	\$	3.90	\$ -	\$ -	\$ -
Net earnings (loss) (\$000's)	\$	1,765	\$ (16)	\$ (20)	\$ (152)
Basic and diluted earnings (loss) per share	\$	0.02	\$ (0.01)	\$ (0.01)	\$ (0.09)
Cash flow from (used in) operations (\$000's)	\$	8,356	\$ (29)	\$ (19)	\$ 8

1) Refer to discussion on Non-GAAP measures

During the three months ended December 31, 2005, the Company realized record net earnings of \$7.0 million (four months ended December 31, 2004 - \$1.8 million) from the sale of 2.2 million ounces of silver (four months ended December 31, 2004 - 1.5 million).

RESULTS OF OPERATIONS AND OPERATIONAL REVIEW

Twelve Months Ended December 31, 2005						
	Luismin	Zinkgruvan	Corporate	Total		
Silver sales (\$000's)	\$ 57,406	\$ 13,489	\$ -	\$		70,895
Ounces (000's)	7,886	1,816	-			9,702
Average realized silver price (\$'s per ounce)	\$ 7.28	\$ 7.43	\$ -	\$		7.31
Total cash cost (\$'s per ounce) ¹	\$ 3.90	\$ 3.90	\$ -	\$		3.90
Net earnings (loss) (\$000's)	\$ 23,721	\$ 3,335	\$ (1,765)	\$		25,291

1) Refer to discussion on Non-GAAP measures

Four Months Ended December 31, 2004						
	Luismin	Zinkgruvan	Corporate	Total		
Silver sales (\$000's)	\$ 10,175	\$ 811	\$ -	\$		10,986
Ounces (000's)	1,387	118	-			1,505
Average realized silver price (\$'s per ounce)	\$ 7.34	\$ 6.89	\$ -	\$		7.30
Total cash cost (\$'s per ounce) ¹	\$ 3.90	\$ 3.90	\$ -	\$		3.90
Net earnings (loss) (\$000's)	\$ 4,179	\$ 140	\$ (2,554)	\$		1,765

1) Refer to discussion on Non-GAAP measures

The Company has three business segments, the Luismin contract, the Zinkgruvan contract and corporate operations.

Luismin

On October 15, 2004, a 100% subsidiary of the Company, Silver Wheaton (Caymans) Ltd. ("SW Caymans"), entered into an agreement to purchase all of the silver produced by Goldcorp's Luismin mining operations in Mexico. During 2005, SW Caymans purchased 7.9 million ounces (four months ended December 31, 2004 – 1.4 million ounces) of silver under the contract at a total cash cost of \$3.90 per ounce, and sold it for an average price of \$7.28 per ounce (four months ended December 31, 2004 - \$7.34 per ounce). The Company's cash flows and net earnings under the Luismin silver contract for 2005 were \$26.5 million (four months ended December 31, 2004 - \$4.8 million) and \$23.7 million (four months ended December 31, 2004 - \$4.2 million), respectively.

During 2005, an aggressive exploration and development program was carried out at Luismin's San Dimas mine. This program has been successful with deep and on-strike extensions of the central block veins and new discoveries, including the Itzel vein system and the Paula and Nancy veins. At December 31, 2004, the Luismin mines had proven and probable reserves of 40.3 million ounces of silver and inferred resources of 145.6 million ounces of silver. Luismin has historically converted resources into reserves at a rate of approximately 90%.

The results of the Luismin mine operations for the years ended December 31, 2005 and 2004 are shown below:

	2005			
	Q4	Q3	Q2	Q1
• Ore milled (tonnes)	250,600	244,000	218,700	199,000
• Grade (grams/tonne)				
- Gold	5.57	5.55	6.23	6.59
- Silver	298.02	331.51	310.35	334.63
• Recovery (%)				
- Gold	94%	94%	95%	95%
- Silver	88%	88%	91%	88%
• Production (ounces)				
- Gold	42,200	41,000	41,800	40,000
- Silver	1,855,700	2,005,700	1,974,400	1,894,000
• Sales (ounces)				
- Gold	42,200	39,100	44,000	38,300
- Silver	1,819,800	2,003,800	2,088,000	1,974,400
	2004			
	Q4	Q3	Q2	Q1
• Ore milled (tonnes)	199,900	187,800	192,600	209,800
• Grade (grams/tonne)				
- Gold	5.35	5.95	5.61	5.19
- Silver	280.28	326.23	302.17	266.00
• Recovery (%)				
- Gold	94%	95%	95%	94%
- Silver	88%	91%	89%	90%
• Production (ounces)				
- Gold	32,300	34,200	33,300	32,700
- Silver	1,586,900	1,798,700	1,664,400	1,615,500
• Sales (ounces)				
- Gold	32,800	33,400	33,500	32,400
- Silver	1,615,100	1,792,000	1,654,500	1,612,900

Since October 15, 2004, all silver produced by Luismin has been sold to Silver Wheaton Corp at a price of \$3.90 per ounce.

On February 13, 2006, Silver Wheaton announced that it has agreed to amend its existing silver purchase agreement in connection with Goldcorp's plans to substantially increase its investment in exploration and development at its San Dimas mine in Mexico. As a result of the planned exploration and development at San Dimas, Silver Wheaton and Goldcorp anticipate that additional silver sales will aggregate more than 100 million ounces over the remaining 24 year term of the silver purchase agreement. It is projected that Silver Wheaton's annual silver sales will increase to approximately 11.5 million ounces for 2006, 2007 and 2008, increasing to 15 million ounces per annum thereafter.

Under the existing silver purchase agreement dated October 15, 2004, Silver Wheaton is entitled to purchase all of the silver produced by Goldcorp's Mexican operations, Luismin, for a per ounce cash payment of the lesser of US\$3.90 and the prevailing market price (subject to an inflationary adjustment commencing in 2007). Further, Luismin is required to deliver a minimum of 120 million ounces over the 25 year contract period and Silver Wheaton is obligated to pay 50% of any capital expenditures made by Luismin at its mining operations in excess of 110% of the projected capital expenditures outlined in the agreement.

Goldcorp and Silver Wheaton have agreed to amend the existing agreement, increasing the minimum number of ounces of silver to be delivered over the 25 year contract period by 100 million ounces, to 220 million ounces, and waiving any capital expenditure contributions previously required to be paid by Silver Wheaton. In consideration for these amendments, Silver Wheaton will issue to Goldcorp 18 million common shares representing 9.8% of the outstanding shares of Silver Wheaton, and a US\$20 million promissory note, increasing Goldcorp's ownership to 62%, or 126 million common shares of Silver Wheaton. Goldcorp does not have any present intention to acquire ownership of, or control over, any additional securities of Silver Wheaton. The total consideration of US\$150 million is equal to the approximate value of Silver Wheaton's share of the future capital expenditures estimated over the remaining life of the existing agreement.

Production of silver at the Luismin mines, which in 2005 approximated 8 million ounces, is expected to average approximately 9.5 million ounces for 2006, 2007 and 2008, increasing to 13 million ounces per annum thereafter. As a result of the amendment to the silver purchase agreement, Silver Wheaton will not be required to fund its 50% share of the increased capital expenditures planned by Goldcorp and will preserve its cash resources to fund growth opportunities.

Zinkgruvan

On December 8, 2004, SW Caymans entered into an agreement to purchase all of the silver produced by Lundin Mining's Zinkgruvan mining operations in Sweden ("Zinkgruvan"). During 2005, SW Caymans purchased 1.7 million ounces (four months ended December 31, 2004 – 0.2 million ounces) of silver under the contract at a total cash cost of \$3.90 per ounce, and sold 1.8 million ounces (four months ended December 31, 2004 – 0.1 million ounces) for an average price of \$7.43 per ounce (four months ended December 31, 2004 - \$6.89 per ounce). The Company's cash flows and net earnings under the Zinkgruvan silver contract for 2005 were \$4.3 million (four months ended December 31, 2004 - \$0.4 million) and \$3.3 million (four months ended December 31, 2004 - \$0.1 million), respectively.

As at December 31, 2004, Zinkgruvan had proven and probable silver reserves of 28.7 million ounces, measured and indicated resources of 8.1 million ounces and inferred silver resources of 27.5 million ounces. The Zinkgruvan mine is expected to produce approximately 2 million ounces of silver annually for a minimum of 20 years, and is one of the lowest cost zinc mines in the world. The mine is located in south-central Sweden and has been in production on a continuous basis since 1857.

Corporate

	December 31 2005 (12 Months)		December 31 2004 (4 Months)		August 31 2004 (12 Months)		August 31 2003 (12 Months)
(US dollars in thousands)							
General and administrative	\$ 1,980	\$	381	\$	45	\$	17
Stock based compensation	463		5,046		10		-
Project evaluation	91		69		-		-
Interest income	(705)		(255)		-		-
Foreign exchange gain	(64)		(2,687)		-		-
Corporate net loss	\$ 1,765	\$	2,554	\$	55	\$	17

General and administrative expenses totaled \$1,980,000 during 2005 (four months ended December 31, 2004 – \$381,000), including \$416,000 (four months ended December 31, 2004 - \$131,800) paid to Goldcorp for management and administrative services at cost. Also included in general and administrative expenses were professional service fees, including legal, accounting and audit fees, totaling \$415,000 (four months ended December 31, 2004 - \$100,000), salary expenses of \$312,000 (four months ended December 31, 2004 - \$nil), and investor relations and regulatory fees of \$254,000 (four months ended December 31, 2004 - \$54,000). Total general and administrative expenses for the twelve months ended December 31, 2005 were higher than for the four months ended December 31, 2004, because of a full year of operations in 2005 compared to the four month period ended December 31, 2004 for which substantial operations did not commence until October 15, 2004.

The non-cash stock based compensation expense has been estimated using the Black-Scholes option valuation method to determine the fair value of the share purchase options granted.

Interest income during 2005 of \$705,000 (four months ended December 31, 2004 - \$255,000) was the result of interest on cash balances held in short-term money market instruments.

Project evaluation expenses of \$91,000 (four months ended December 31, 2004 - \$69,000) were incurred in pursuing additional silver acquisition opportunities. Project evaluation expenses will continue to be incurred for the foreseeable future.

During 2005, a foreign exchange gain of \$64,000 (four months ended December 31, 2004 - \$2,687,000) was realized, as a result of the Company holding a portion of its cash balances in Canadian dollars, while the Canadian dollar increased in value against the US dollar (the Company's functional currency).

Non GAAP measures – total cash costs per ounce of silver calculation

Silver Wheaton has included, throughout this document, certain non-GAAP performance measures including total cash costs of silver on a sales basis. These non-GAAP measures do not have any standardized meaning nor are they necessarily comparable with similar measures presented by other companies. Cash costs are presented as they represent an industry standard method of comparing certain costs on a per unit basis. The Company believes that certain investors use this information to evaluate the Company's performance. The data 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 GAAP. During 2005, the Company's total cash costs were \$3.90 per ounce of silver.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2005 the Company had cash and cash equivalents of \$117.7 million (December 31, 2004 - \$20.0 million) and working capital of \$118.7 million (December 31, 2004 - \$18.1 million).

During 2005, the Company generated operating cash flows of \$30.0 million (four months ended December 31, 2004 - \$8.4 million). In the opinion of management, the working capital at December 31, 2005, together with cash flows from operations, are sufficient to support the Company's normal operating requirements on an ongoing basis.

During the year ended December 31, 2005, the Company received proceeds of \$2.0 million (four months ended December 31, 2004 - \$nil) from the exercise of 710,000 (four months ended December 31, 2004 - nil) share purchase options at a weighted average exercise price of Cdn\$3.27 per option. As of February 13, 2006, there were 183,761,000 outstanding common shares, 6,042,300 share purchase options and 165,620,000 share purchase warrants, which are convertible into 39,374,200 shares.

Public offering

On December 22, 2005, the Company raised gross proceeds of \$86.2 million (Cdn\$100.0 million) from a public offering of 15,625,000 subscription receipts at a price of Cdn\$6.40 per unit. Each of the subscription receipts was automatically converted without payment of additional consideration into one common share, and one-half of one Series "B" warrant (TSX: SLW.WT.B) of the Company. Each Series B warrant entitles the holder to purchase one common share at a price of Cdn\$10.00 per share for a period of 5 years expiring December 22, 2010. Share issue costs amounted to \$4.3 million.

Investment in Bear Creek

On August 11, 2005, the Company acquired 4,821,905 common shares of Bear Creek Mining Corporation (TSXV: BCM) on the open market at a price of Cdn\$3.03 per share, for total consideration of \$12.2 million (Cdn\$14.6 million). In addition, on August 30, 2005, the Company acquired by way of private placement, 540,000 units of Bear Creek at a price of Cdn\$3.25 per unit for total consideration of \$1.5 million (Cdn\$1.8 million). The units are comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of Bear Creek at a price of Cdn\$4.25 for a period of two years from the transaction close date. As a result, Silver Wheaton owns approximately 15% of Bear Creek's total issued and outstanding shares.

Bear Creek is earning a 70% interest in the Corani silver project in Peru through continued expenditures and payments. To date, 24 trenches and over 80 drillholes have outlined significant silver mineralization over a large surface area, with a resource estimate expected in Q1 2006. Bear Creek is continuing to advance the project with drilling, environmental and social studies, and metallurgical testing programs.

Contractual obligations

In connection with the Luismin and Zinkgruvan Transactions, the Company has committed to purchase 100% of the silver produced by each mine for a per-ounce cash payment of the lesser of \$3.90 and the then prevailing market price, subject to adjustment. This inflationary adjustment, which will begin in 2007, is intended to reflect the effects of inflation on operating costs, and is subject to a minimum of 0.4% and a maximum of 1.65% per annum.

Discontinued operations

Effective February 25, 2004, the Company sold its subsidiary, Dial, for cash proceeds of Cdn\$325,000 to a group that included former directors and shareholders of the Company.

Related party transactions

At December 31, 2005, Goldcorp owned 58.9% of the Company's outstanding common shares. During 2005, the Company purchased 7.9 million ounces (four months ended December 31, 2004 – 1.4 million ounces) of silver from a subsidiary of Goldcorp at a price of \$3.90 per ounce for total consideration of approximately \$30.8 million (four months ended December 31, 2004 - \$5.4 million).

The Company has an agreement with Goldcorp whereby Goldcorp provides management and administrative services at cost. During the year ended December 31, 2005, total management fees paid to Goldcorp were \$416,000 (four months ended December 31, 2004 - \$131,800). This agreement allows for cancellation with 30 days notice at any time.

In addition, during 2005, payments made by Goldcorp on the Company's behalf totalled approximately \$225,600 (four months ended December 31, 2004 - \$1.5 million). At December 31, 2005, the Company did not have any outstanding amounts due to Goldcorp (December 31, 2004 - \$1.0 million was owed to Goldcorp).

RISKS AND UNCERTAINTIES

The main risks that can affect the profitability of the Company include changes in silver prices, currency fluctuations, government regulation, silver supply, foreign operations and income taxes.

Silver prices

Profitability of the Company depends on silver prices. A \$0.50 per ounce change in the price of silver would impact 2006 net earnings by approximately \$6 million.

Silver prices are affected by numerous factors such as the sale or purchase of silver by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations 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 producing countries throughout the world. This risk is mitigated through the downside silver price protection provided for in the silver contracts, whereby silver is purchased at the lower of \$3.90 per ounce or the market price.

Currency fluctuations

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. Silver is sold in US dollars and a portion of the Company's costs are incurred in Canadian dollars. From time to time, the Company transacts currency hedging to reduce the risk associated with currency fluctuations. There is no assurance that its hedging strategies will be successful. Currency hedging may require margin activities. Sudden fluctuations in currencies could result in margin calls that could have an adverse effect on the Company's financial position.

Government regulations

The mining, processing, development and mineral exploration activities of the companies that Silver Wheaton purchases silver from are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could result in production disturbances.

Silver supply

The Company has agreed to purchase all of the silver produced by the Luismin and Zinkgruvan mines. Other than the security interests which have been granted to Silver Wheaton, the Company has no contractual rights relating to the operations of Luismin or Zinkgruvan nor does it have any ownership interest in the mines. Other than the penalties payable by Goldcorp and Zinkgruvan to Silver Wheaton if, at the end of the Luismin or Zinkgruvan Guarantee Period, as applicable, the total number of ounces of silver sold to Silver Wheaton is less than the applicable minimum amount, the Company will not be entitled to any compensation if Luismin or Zinkgruvan does not meet its forecasted silver production targets in any specified period or if Luismin or Zinkgruvan shut down or discontinue their mining operations in Mexico and Sweden, respectively, on a temporary or permanent basis.

Foreign operations

SW Caymans purchases silver from companies that operate in Mexico and Sweden, and as such the Company's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary between the two countries and include, but are not limited to, terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risk of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Failure for these companies 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.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Income taxes

All of the Company's silver trading activities are performed by its wholly owned subsidiary Silver Wheaton (Caymans) Ltd., which is not subject to income taxes. Changes to taxation laws in either Canada or the Cayman Islands, could result in some or all of the Company's profits being subject to income tax. No assurance can be given that new taxation rules will not be enacted or that existing rules will not be applied in a manner which could result in the Company's profits being subject to income tax.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements describes all of the significant accounting policies.

Silver contracts

Silver contracts are a significant asset of the Company, with a carrying value of \$130.3 million at December 31, 2005. This amount represents the capitalized expenditures related to the acquisition of the Luismin and Zinkgruvan silver purchase contracts. Luismin and Zinkgruvan estimate the reserves and resources relating to each contract. Silver Wheaton uses these estimates to determine the estimated number of ounces that will be acquired from each operation and the cost of these assets is separately allocated to reserves, resources and exploration potential. The value allocated to reserves is depreciated on a unit-of-sale basis over the estimated recoverable reserves at the mine corresponding to the specific contract. Evaluations of the carrying values of each contract are undertaken in each reporting period to determine if estimated undiscounted future net cash flows are less than the carrying value. Estimated undiscounted future net cash flows are calculated using estimated production, sales prices and purchase costs. If it is determined that the future net cash flows from an operation are less than the carrying value then a write-down is recorded with a charge to operations. At December 31, 2005 no write-down was required.

The Luismin Transaction resulted in the acquisition of control of Silver Wheaton by Goldcorp. As a result, the cost of the Luismin silver contract has been recorded in Silver Wheaton's books at Goldcorp's book value.

Income tax

As the Company's profit is derived from its subsidiary, Silver Wheaton (Caymans) Ltd., which is incorporated and operated in the Cayman Islands, the Company's profits bear no tax. Management views the subsidiary's profits as part of its permanent investment in the subsidiary, and it has determined that those profits will be reinvested in foreign jurisdictions for the foreseeable future, therefore, no taxes have been recorded.

Revenue recognition

Revenue from the sale of silver is recognized in the accounts when title and risk passes to the buyer, collection is reasonably assured and the price is reasonably determinable. Revenue from the sale of silver may be subject to adjustment upon final settlement of estimated metal prices, weights, and assays. Adjustments to revenue for metal prices are recorded monthly and other adjustments are recorded on final settlement.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and forms. The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls and procedures, 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 control. The design of any systems 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. There has been no change in the Company's internal control over financial reporting during the Company's quarter ended September 30, 2006 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTLOOK

The Company expects to sell approximately 15 million ounces of silver in 2006, increasing to 20 million ounces per annum thereafter.

The Company is actively pursuing further growth opportunities, either by way of entering into long-term silver purchase contracts, or by acquiring silver exploration, development or production assets.

Additional information relating to the Company, including its Annual Information Form, is available on SEDAR at www.sedar.com.

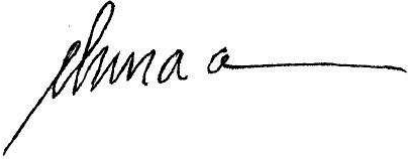
This Management's Discussion & Analysis contains certain forward-looking statements. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding future plans and objectives of the Company are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in Company documents filed from time to time with the Toronto Stock Exchange and other regulatory authorities.

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements have been prepared by management and are in accordance with Canadian generally accepted accounting principles. Other information contained in this document has also been prepared by management and is consistent with the data contained in the consolidated financial statements. A system of internal controls is maintained by management to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable.

The board of directors approves the financial statements and ensures that management discharges its financial responsibilities. The board's review is accomplished principally through the audit committee, which is composed of non-executive directors. The audit committee meets periodically with management and auditors to review financial reporting and control matters.

The consolidated financial statements have been audited by Deloitte & Touche LLP on behalf of the shareholders and their report follows.



Eduardo Luna
Chief Executive Officer



Peter Barnes
Executive Vice President and Chief Financial Officer

March 3, 2006



Peter Barnes
President and Chief Executive Officer



Nolan Watson
Chief Financial Officer

Vancouver, British Columbia

March 16, 2007 as to the effects of the restatement described in Note 13

Report of Independent Registered Chartered Accountants

To the Shareholders of
Silver Wheaton Corp.

We have audited the consolidated balance sheets of Silver Wheaton Corp. as at December 31, 2005, December 31, 2004, and August 31, 2004 and the consolidated statements of operations, shareholders' equity and cash flows for the year ended December 31, 2005, the four month period ended December 31, 2004 and the years ended August 31, 2004 and 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the United States Public Company Accounting Oversight Board. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Silver Wheaton Corp. as at December 31, 2005, December 31, 2004 and August 31, 2004 and the results of its operations and its cash flows for the year ended December 31, 2005, the four month period ended December 31, 2004 and the years ended August 31, 2004 and 2003 in accordance with Canadian generally accepted accounting principles.

We have withdrawn our audit report dated March 3, 2006 as Note 13 to the consolidated financial statements has been restated. Note 13 contains the reconciliation of the consolidated financial statements from Canadian generally accepted accounting principles to accounting principles generally accepted in the United States and contains additional information on the restatement.

The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion.

Deloitte + Touche LLP

Independent Registered Chartered Accountants

Vancouver, British Columbia

March 3, 2006 (March 16, 2007 as to the effects of the restatement described in Note 13)

Consolidated Statements of Operations

(US dollars and shares in thousands, except per share amounts)

		Year Ended December 31 2005	Four Months Ended December 31 2004	Year Ended August 31 2004	Year Ended August 31 2003
	Note				
Silver sales		\$ 70,895	\$ 10,986	\$ -	\$ -
Cost of sales		37,839	5,870	-	-
Depreciation		6,000	797	-	-
		43,839	6,667	-	-
Earnings from operations		27,056	4,319	-	-
Expenses and other income					
General and administrative		1,980	381	45	17
Stock based compensation	6(c)	463	5,046	10	-
Project evaluation		91	69	-	-
Interest income		(705)	(255)	-	-
Foreign exchange gain		(64)	(2,687)	-	-
		1,765	2,554	55	17
Earnings (loss) before discontinued operations		25,291	1,765	(55)	(17)
(Loss) earnings from discontinued operations	12	-	-	(96)	76
Net earnings (loss)		\$ 25,291	\$ 1,765	\$ (151)	\$ 59
Basic and diluted earnings (loss) per share from continuing operations		\$ 0.15	\$ 0.02	\$ (0.03)	\$ (0.01)
Basic and diluted earnings (loss) per share from discontinued operations		\$ 0.00	\$ 0.00	\$ (0.06)	\$ 0.04
Basic and diluted earnings (loss) per share		\$ 0.15	\$ 0.02	\$ (0.09)	\$ 0.03
Weighted average number of shares outstanding					
- basic		167,538	96,606	1,723	1,720
- diluted		170,987	97,485	1,723	1,720

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Balance Sheets

(US dollars and shares in thousands)

	Note	December 31 2005	December 31 2004	August 31 2004
Assets				
Current				
Cash and cash equivalents		\$ 117,741	\$ 19,989	\$ 320
Cash in escrow		-	-	53,163
Accounts receivable		2,491	163	8
Silver inventory		383	478	-
Other		44	49	-
		120,659	20,679	53,491
Long-term investments	4	15,069	-	-
Silver contracts	5	130,254	136,254	-
Other		169	55	-
		\$ 266,151	\$ 156,988	\$ 53,491
Liabilities				
Current				
Accounts payable		\$ 1,761	\$ 2,496	\$ 3,320
Accrued liabilities		200	61	-
		1,961	2,557	3,320
Shareholders' Equity				
Share purchase options		4,953	5,046	8
Restricted share units		26	-	-
Subscription receipts		-	-	49,855
Warrants	6(b)	38,867	28,579	-
Share capital				
Common shares				
Authorized: unlimited shares, no par value;				
Issued and outstanding: 183,375 (December 31,				
2004 – 167,010; August 31, 2004 – 1,740)	6	193,711	119,464	731
Retained earnings (deficit)		26,633	1,342	(423)
		264,190	154,431	50,171
		\$ 266,151	\$ 156,988	\$ 53,491

Commitments (Note 10) and Subsequent Events (Note 14)

Approved by the Board

Eduardo Luna

Director

Ian Telfer

Director

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statements of Cash Flows

(US dollars in thousands)

		Year Ended December 31 2005	Four Months Ended December 31 2004	Year Ended August 31 2004	Year Ended August 31 2003
	Note				
Operating Activities					
Net earnings (loss) from continuing operations		\$ 25,291	\$ 1,765	\$ (55)	\$ (17)
Items not affecting cash					
Depreciation		6,000	797	-	-
Project evaluation costs written off		54	-	-	-
Stock based compensation	6(c)	463	5,046	10	-
Other		39	-	-	-
Change in non-cash working capital	7	(1,843)	748	1	2
Cash generated by (applied to) operating activities		30,004	8,356	(44)	(15)
Financing Activities					
Shares issued		86,219	104,202	11	-
Share issue costs		(4,816)	(6,145)	-	-
Warrants exercised		100	-	-	-
Share purchase options exercised		1,979	-	-	-
Cash generated by financing activities		83,482	98,057	11	-
Investing Activities					
Purchase of long-term investments		(15,069)	-	-	-
Silver contracts		(483)	(86,744)	-	-
Other		(182)	-	-	-
Cash applied to investing activities		(15,734)	(86,744)	-	-
Cash flows from discontinued operations					
Sale of discontinued operations		-	-	247	-
Advances from discontinued operations		-	-	14	17
		-	-	261	17
Increase in cash and cash equivalents		97,752	19,669	228	2
Cash and cash equivalents, beginning of period		19,989	320	92	90
Cash and cash equivalents, end of period		\$ 117,741	\$ 19,989	\$ 320	\$ 92

At December 31, 2005, the Company's cash and cash equivalents consisted of \$8,827,000 in cash and \$108,914,000 in cash equivalents. The Company paid no interest or income taxes for the year ended December 31, 2005, the four months ended December 31, 2004 and the years ended August 31, 2004 and 2003.

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statements of Shareholders' Equity

(US dollars and shares in thousands)

	Common Shares		Warrants		Share	Restricted	Subscription	Retained	Total
	Shares	Amount	Warrants	Amount	Purchase Options	Share Units		Earnings (Deficit)	
At August 31, 2002	1,720	\$ 718	-	\$ -	\$ -	\$ -	\$ -	\$ (331)	\$ 387
Net earnings	-	-	-	-	-	-	-	59	59
At August 31, 2003	1,720	718	-	-	-	-	-	(272)	446
Subscription receipts	-	-	-	-	-	-	49,855	-	49,855
Share purchase options exercised	20	13	-	-	(2)	-	-	-	11
Fair value of share purchase options issued	-	-	-	-	10	-	-	-	10
Net loss	-	-	-	-	-	-	-	(151)	(151)
At August 31, 2004	1,740	731	-	-	8	-	49,855	(423)	50,171
Shares issued	165,200	125,481	-	-	-	-	(49,855)	-	75,626
Share issue costs	-	(6,790)	-	-	-	-	-	-	(6,790)
Share purchase options exercised	70	42	-	-	(8)	-	-	-	34
Warrants issued	-	-	158,000	28,579	-	-	-	-	28,579
Fair value of share purchase options issued	-	-	-	-	5,046	-	-	-	5,046
Net earnings	-	-	-	-	-	-	-	1,765	1,765
At December 31, 2004	167,010	119,464	158,000	28,579	5,046	-	-	1,342	154,431
Public offering	15,625	75,902	7,813	10,317	-	-	-	-	86,219
Share issue costs	-	(4,319)	-	-	-	-	-	-	(4,319)
Fair value of share purchase options issued	-	-	-	-	463	-	-	-	463
Fair value of restricted share units issued	-	-	-	-	-	26	-	-	26
Share purchase options exercised	710	2,535	-	-	(556)	-	-	-	1,979
Warrants exercised	30	129	(150)	(29)	-	-	-	-	100
Net earnings	-	-	-	-	-	-	-	25,291	25,291
At December 31, 2005	183,375	\$193,711	165,663	\$38,867	\$ 4,953	\$ 26	\$ -	\$ 26,633	\$264,190

The accompanying notes form an integral part of these consolidated financial statements

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Silver Wheaton Corp. ("Silver Wheaton" or "the Company") is engaged in the silver mining business.

On October 15, 2004, the Company entered into an agreement to purchase all of the silver produced by Wheaton River Minerals Ltd's ("Wheaton River") Luismin mining operations in Mexico for a payment equal to the lesser of US\$3.90 or the prevailing market rate per ounce of delivered silver, subject to adjustment (Note 3). On April 15, 2005, Wheaton River amalgamated with Goldcorp Inc. to form Goldcorp Inc. ("Goldcorp") and the silver purchase agreement with Silver Wheaton was assumed by Goldcorp.

In addition, on December 8, 2004, the Company entered into an agreement to purchase all of the silver produced by Lundin Mining Corporation's Zinkgruvan mine in Sweden for a payment equal to the lesser of US\$3.90 or the prevailing market rate per ounce of delivered silver, subject to adjustment (Note 3).

The Company began trading on the Toronto Stock Exchange (TSX) on October 22, 2004 and on the American Stock Exchange (AMEX) on July 6, 2005, under the symbol SLW. In December, 2004, the Company's name was changed from Chap Mercantile Inc to Silver Wheaton Corp. and the outstanding shares were consolidated on a 5 for 1 basis. The year end of the Company was changed from August 31 to December 31 and as a result, the comparative figures are for the four months ended December 31, 2004 and the years ended August 31, 2004 and 2003.

2. ACCOUNTING POLICIES

(a) Canadian generally accepted accounting principles

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). A reconciliation of Canadian GAAP and accounting principles generally accepted in the United States ("US GAAP") is provided in Note 13.

(b) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its 100% owned subsidiary Silver Wheaton (Caymans) Ltd. The Company's former subsidiary, Dial Locksmith Ltd ("Dial"), was consolidated to the date of disposal, February 25, 2004.

(c) Silver contracts

Contracts for which settlement is called for in silver are recorded at cost. The cost of these assets is separately allocated to reserves, resources and exploration potential. The value allocated to reserves is depreciated on a unit-of-sale basis over the estimated recoverable reserves at the mine corresponding to the specific contract.

Evaluations of the carrying values of each contract are undertaken in each reporting period to determine if estimated undiscounted future net cash flows are less than the carrying value. Estimated undiscounted future net cash flows are calculated using estimated production, sales prices and purchase costs. If it is determined that the future net cash flows from an operation are less than the carrying value then a write-down is recorded with a charge to operations.

(d) *Discontinued operations*

The Company disposed of Dial effective February 25, 2004.

(e) *Change in functional and reporting currency*

Effective September 1, 2004, the functional currency of the Company was changed from the Canadian to the United States dollar. This resulted from a change in the nature of the business as all sales and the majority of expenses occur in United States dollars. Concurrent with this change in functional currency, the Company adopted the United States dollar as its reporting currency. In accordance with Canadian GAAP, the change was effected by translating assets and liabilities, at the end of prior reporting periods, at the existing United States / Canadian dollar foreign exchange spot rate, while earnings, losses and shareholders' equity were translated at historic rates.

(f) *Foreign currency translation*

Foreign currency monetary assets and liabilities are translated into United States 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 United States dollar rate prevailing on the transaction dates. Foreign exchange gains and losses are included in the determination of earnings.

(g) *Income taxes*

The future income tax asset and liability method of accounting for income taxes is used. As the Company's profit is derived from its subsidiary, Silver Wheaton (Caymans) Ltd., which is incorporated and operated in the Cayman Islands, the Company's profits bear no tax. Management views the subsidiary's profits as part of its permanent investment in the subsidiary, and it has determined that those profits will be reinvested in foreign jurisdictions for the foreseeable future, therefore, no taxes have been recorded.

(h) *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas where management's judgment is applied are asset valuations, depreciation, and income taxes. Actual results could differ from those reported.

(i) *Stock-based compensation*

The fair value of all stock-based awards granted are estimated using the Black-Scholes model and are recorded in operations. The compensation cost related to stock options granted to employees and directors is recorded in the consolidated statements of operations.

The Company did not issue stock options prior to the year ended August 31, 2003.

(j) *Financial instruments*

The carrying values of cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short term nature. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

(k) *Long-term investments*

Long-term investments are carried at cost. When there is decline in market value that is other than temporary, these investments are written down to provide for the loss.

(l) *Revenue recognition*

Revenue from the sale of silver is recognized in the accounts when title and risk passes to the buyer, collection is reasonably assured and the price is reasonably determinable. Revenue from the sale of silver may be subject to adjustment upon final settlement of estimated metal prices, weights, and assays. Adjustments to revenue for metal prices are recorded monthly and other adjustments are recorded on final settlement.

(m) *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 period. Diluted earnings per share are 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 period.

(n) *Cash and cash equivalents*

Cash and cash equivalents include cash, and those short-term money market instruments that are readily convertible to cash with an original term to maturity of less than 91 days.

(o) *Silver inventory*

Silver inventory is valued at the lower of average cost and net realizable value.

3. ACQUISITIONS

(a) *Luismin silver contract*

On October 15, 2004, the Company entered into a twenty five year agreement to purchase all of the silver produced by Goldcorp's Luismin mining operations in Mexico, for an upfront payment of \$36.7 million (Cdn\$46.0 million) in cash and 108 million common shares (post-consolidation) of the Company. In addition, a per ounce cash payment of the lesser of \$3.90 and the prevailing market price, subject to adjustment, is due (the "Luismin Transaction"). Under the agreement Luismin is required to deliver a minimum of 120 million ounces over the 25 year period following the contract date. If the actual amount of silver delivered is less than this minimum, a penalty of \$0.50 per ounce of the shortfall is payable. In addition, under the agreement, Silver Wheaton will be obligated to pay 50% of any capital expenditures made by Luismin at its mining operations in excess of 110% of the projected capital expenditures outlined in the contract, however, these costs will be reimbursed during periods where actual capital expenditures fall below 90% of projected capital expenditures.

If Silver Wheaton or Goldcorp acquires a direct or indirect interest in a precious metal exploration or development property situated anywhere in Mexico, which it does not currently own an interest in, and the property becomes the subject of a positive feasibility study or consists of active mining operations within a period of three years from the date of the contract, then the owner of the interest must offer the other party the opportunity to purchase and participate in the project so the resulting project ownership would be Goldcorp 51% / Silver Wheaton 49% and Goldcorp will be entitled to become operator of the project.

For a period of three years, Goldcorp, so long as it owns at least 20% of the outstanding shares of the Company, has the right to maintain its pro-rata interest in Silver Wheaton should Silver Wheaton issue any additional Silver Wheaton shares pursuant to an equity financing or otherwise.

The allocation of the purchase price is summarized in the table below:

(in thousands)		
Purchase Price		
Cash	\$	36,744
Shares		21,958
Acquisition costs		430
	\$	59,132

The Luismin Transaction resulted in the acquisition of control of Silver Wheaton by Goldcorp. As a result, the cost of the Luismin silver contract was recorded in Silver Wheaton's books at Goldcorp's book value, plus acquisition costs of \$430,000.

In February, 2006, Silver Wheaton agreed to amend the terms of the silver purchase agreement (Note 14).

(b) *Zinkgruvan silver contract*

On December 8, 2004, the Company entered into an agreement to purchase all of the silver produced by Lundin Mining Corporation's Zinkgruvan mine in Sweden for an upfront payment of \$50 million in cash, 6 million Silver Wheaton common shares (post-consolidation) and 30 million Silver Wheaton common share purchase warrants. In addition, a per ounce cash payment of the lesser of \$3.90 and the prevailing market price, subject to adjustment, is due (the "Zinkgruvan Transaction").

Under the agreement Zinkgruvan is required to deliver a minimum of 40 million ounces over the 25 year period following the contract date. If the actual amount of silver delivered is less than this minimum, a penalty of \$1.00 per ounce of the shortfall is payable. In addition, under the Zinkgruvan agreement, the Company is not liable for any capital asset expenditures.

Each warrant grants the holder the right to purchase 0.20 of one of the Company's post-consolidation common shares. The Warrants have been recorded at their fair value, which has been determined using the Black-Scholes option pricing model assuming no dividends are to be paid, a weighted average volatility of the Company's share price of 40%, an annual risk free interest rate of 3.0% and expected lives of three years.

The Zinkgruvan mine is expected to produce approximately 2 million ounces of silver annually for a minimum of 20 years. The allocation of the purchase price is summarized in the table below:

(in thousands)	
Purchase Price	
Cash	\$ 50,000
Shares and warrants	27,866
Acquisition costs	53
	<u>\$ 77,919</u>

4. LONG-TERM INVESTMENTS

		December 31, 2005		
(in thousands)		Book Value	Market Value	Unrealized Gains
Bear Creek Mining Corporation	\$ 13,696	\$ 20,105	\$ 6,409	
Other	1,373	1,544	171	
	<u>\$ 15,069</u>	<u>\$ 21,649</u>	<u>\$ 6,580</u>	

On August 11, 2005, the Company acquired 4,821,905 common shares of Bear Creek Mining Corporation (TSXV: BCM) ("Bear Creek") on the open market at a price of Cdn\$3.03 per share, for total consideration of \$12.2 million (Cdn\$14.6 million). In addition, on August 30, 2005, the Company acquired by way of private placement, 540,000 units of Bear Creek at a price of Cdn\$3.25 per unit for total consideration of \$1.5 million (Cdn\$1.8 million). The units are comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of Bear Creek at a price of Cdn\$4.25 for a period of two years from the transaction close date. As a result, Silver Wheaton owns approximately 15% of Bear Creek's total issued and outstanding shares.

The market value of Bear Creek includes the estimated value of the warrants acquired as part of the private placement, which have been valued using a binomial option pricing model.

5. SILVER CONTRACTS

		2005			2004		
(in thousands)	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net	
Luismin	\$ 59,132	\$ (3,517)	\$ 55,615	\$ 59,132	\$ (586)	\$ 58,546	
Zinkgruvan	77,919	(3,280)	74,639	77,919	(211)	77,708	
	<u>\$ 137,051</u>	<u>\$ (6,797)</u>	<u>\$ 130,254</u>	<u>\$ 137,051</u>	<u>\$ (797)</u>	<u>\$ 136,254</u>	

6. SHAREHOLDERS' EQUITY

(a) Shares issued

A summary of the Company's issued and outstanding shares at December 31, 2005 and 2004, August 31, 2004 and 2003, and the changes for the periods ending on those dates is presented below:

	Number of Shares	Price (Cdn\$)
At August 31, 2003	1,720,000	
Options exercised	20,000	\$0.75
At August 31, 2004	1,740,000	
Shares issued to Goldcorp in connection with Luismin Transaction (Note 3(a))	108,000,000	2.00
Private placement to finance Luismin Transaction	35,000,000	2.00
Shares issued to Lundin in connection with Zinkgruvan Transaction (Note 3(b))	6,000,000	4.25
Private placement to finance Zinkgruvan Transaction	16,200,000	3.75
Options exercised	70,000	0.75
At December 31, 2004	167,010,000	
Options exercised	710,000	3.27
Warrants exercised	30,000	4.00
Public offering	15,625,000	6.40
At December 31, 2005	183,375,000	

On August 5, 2004, in connection with the Luismin Transaction, the Company raised gross proceeds of \$53.2 million (Cdn\$70 million) from a private placement of 175 million subscription receipts at a price of Cdn\$0.40 per unit. On October 22, 2004, each of the subscription receipts was automatically converted without payment of additional consideration into 0.2 common shares (post-consolidation), and one-half of one common share purchase warrant of the Company (TSX: SLW.WT). Five common share purchase warrants entitle the holder to purchase one common share (post-consolidation) at a price of Cdn\$4.00 per share for a period of five years expiring August 5, 2009.

On November 30, 2004, in connection with the Zinkgruvan Transaction, the Company raised gross proceeds of \$51.0 million (Cdn\$60.75 million) from a private placement of 81 million subscription receipts at a price of Cdn\$0.75 per unit. Each subscription receipt was automatically converted without payment of additional consideration into 0.2 Silver Wheaton common shares (post-consolidation) and one-half of one Series "A" common share purchase warrant (TSX: SLW.WT.A) of Silver Wheaton. Five Series "A" warrants entitle the holder to purchase one Silver Wheaton common share (post-consolidation) at a price of Cdn\$5.50 until November 30, 2009.

On December 21, 2004 the Company's common shares were consolidated on a 5 for 1 basis, reducing the number of common shares outstanding at December 31, 2004 to 167,010,000.

On December 22, 2005, the Company raised gross proceeds of \$86.2 million (Cdn\$100.0 million) from a private placement of 15,625,000 subscription receipts at a price of Cdn\$6.40 per unit. Each subscription receipt was automatically converted without payment of additional consideration into one common share and one-half of one Series “B” common share purchase warrant (TSX: SLW.WT.B) of the Company. Each Series B warrant entitles the holder to purchase one common share at a price of Cdn\$10.00 per share for a period of 5 years expiring December 22, 2010.

(b) *Warrants*

A summary of the Company’s warrants at December 31, 2005 and 2004, August 31, 2004 and 2003 and the changes for the periods ending on those dates is presented below:

	Warrants Outstanding	Weighted Avg Exercise Price (Cdn\$)	Exchange Ratio
At August 31, 2004 and 2003	-		
Issued in connection with Luismin private placement	87,500,000	\$ 0.80	0.2
Issued in connection with Zinkgruvan private placement	40,500,000	1.10	0.2
Issued to Lundin in connection with Zinkgruvan Transaction	30,000,000	0.80	0.2
At December 31, 2004	158,000,000	0.88	0.2
Issued in connection with public offering	7,812,500	10.00	1.0
Exercised	(150,000)	0.80	0.2
At December 31, 2005	165,662,500	\$ 1.31	0.24

At issuance, each share purchase warrant and Series A warrant (TSX: SLW.WT and SLW.WT.A respectively) granted the holder the right to purchase one common share of the Company at the applicable exercise price. On December 21, 2004, the Company’s common shares were consolidated 5 for 1. These warrants were not consolidated, resulting in each warrant granting the holder the right to purchase 0.20 of one of the Company’s post-consolidation common shares. The Series B warrants were issued after the December 21, 2004 share consolidation, and therefore, each Series B warrant entitles the holder the right to purchase one of the Company’s post-consolidation common shares.

Warrants issued during the year ended December 31, 2005 and the four months ended December 31, 2004 have been included in shareholders’ equity at their fair value of \$10.3 million and \$28.6 million, respectively. Fair value of the warrants issued during 2005 has been determined using the Black-Scholes option pricing model assuming no dividends are to be paid, a weighted average volatility of the Company’s share price of 40%, an annual risk free interest rate of 3.0% and expected lives of five years.

The following table summarizes information about the warrants outstanding at December 31, 2005:

	Warrants Outstanding	Exercise Price (Cdn\$)	Exchange Ratio	Common Shares to be Issued upon Exercise of Warrants	Effective Price Per Share (Cdn\$)	Expiry Date
Share purchase warrants	117,350,000	\$ 0.80	0.20	23,470,000	\$ 4.00	Aug 5, 2009
Series A Warrants	40,500,000	1.10	0.20	8,100,000	5.50	Nov 30, 2009
Series B Warrants	7,812,500	10.00	1.00	7,812,500	10.00	Dec 22, 2010
	165,662,500			39,382,500	\$ 5.50	

(c) *Share purchase options*

The Company has established a share purchase option plan whereby the Company's board of directors may from time to time grant options to directors, employees or consultants. The maximum term of any option may be ten years, but generally options are granted for five years or less. 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.

Stock-based compensation expense during 2005 of \$463,000 (four months ended December 31, 2004 - \$5,046,000) was determined using an option pricing model assuming no dividends are to be paid, a weighted average volatility of the Company's share price of 40%, an annual risk free interest rate of 3.0% and expected lives of three years.

On December 21, 2004 the Company's common shares were consolidated on a 5 for 1 basis, therefore, all of the option figures below are presented on a consolidated basis. At December 31, 2005 there were 4,330,000 options available for grant under the plan.

A summary of the Company's options at December 31, 2005 and 2004, August 31, 2004 and 2003 and the changes for the periods ending on those dates is presented below:

	Number of Shares	Weighted Average Exercise Price (Cdn\$)
At August 31, 2003	-	-
Granted	90,000	\$ 0.75
Exercised	(20,000)	0.75
At August 31, 2004	70,000	\$ 0.75
Granted	6,500,000	3.26
Exercised	(70,000)	0.75
At December 31, 2004	6,500,000	3.26
Granted	630,000	5.59
Exercised	(710,000)	3.27
At December 31, 2005	6,420,000	\$ 3.48

The following table summarizes information about the options outstanding and exercisable at December 31, 2005.

Exercise Prices (Cdn\$)	Options Outstanding	Weighted Average Remaining Contractual Life	Options Exercisable
\$3.25	5,870,000	3.8 years	5,870,000
\$4.10	20,000	3.9 years	20,000
\$6.03	530,000	4.9 years	176,667
	6,420,000	3.9 years	6,066,667

7. SUPPLEMENTAL CASH FLOW INFORMATION

(in thousands)	Note	December 31 2005	December 31 2004	August 31 2004	August 31 2003
Change in non-cash working capital					
Accounts receivable		\$ (2,074)	\$ (155)	\$ (8)	\$ 1
Silver inventory		96	(478)	-	-
Accounts payable		(9)	1,369	9	-
Accrued liabilities		139	61	-	-
Other		5	(49)	-	1
		\$ (1,843)	\$ 748	\$ 1	\$ 2
Non-cash financing and investing activities					
Shares issued in the Luismin Transaction	3(a)	\$ -	\$ 21,958	\$ -	\$ -
Shares issued in the Zinkgruvan Transaction	3(b)	\$ -	\$ 27,866	\$ -	\$ -

8. RELATED PARTY TRANSACTIONS

At December 31, 2005, Goldcorp owned 58.9% of the Company's outstanding common shares. During 2005, the Company purchased 7.9 million ounces (four months ended December 31, 2004 – 1.4 million ounces) of silver from a subsidiary of Goldcorp at a price of \$3.90 per ounce for total consideration of approximately \$30.8 million (four months ended December 31, 2004 - \$5.4 million).

The Company has an agreement with Goldcorp whereby Goldcorp provides management and administrative services at cost. During the year ended December 31, 2005, total management fees paid to Goldcorp were \$416,000 (four months ended December 31, 2004 - \$131,800). This agreement allows for cancellation with 30 days notice at any time.

In addition, during 2005, payments made by Goldcorp on the Company's behalf totalled approximately \$225,600 (four months ended December 31, 2004 - \$1.5 million). At December 31, 2005, the Company did not have any outstanding amounts due to Goldcorp (December 31, 2004 - \$1.0 million was owed to Goldcorp).

9. INCOME TAXES

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)	December 31 2005	December 31 2004	August 31 2004	August 31 2003
Earnings (loss) from continuing operations before income taxes	\$ 25,291	\$ 1,765	\$ (55)	\$ (17)
Canadian federal and provincial income tax rates	35.6%	35.6%	35.6%	37.6%
Income tax expense (recovery) based on above rates	9,004	629	(19)	(6)
Tax effect of non-deductible expenditures	174	1,797	3	-
Lower effective tax rates on earnings of foreign subsidiary	(9,178)	(2,426)	-	-
Income tax losses carried forward not recognized for accounting purposes	-	-	16	6
Actual tax expense	\$ -	\$ -	\$ -	\$ -

The components of future income taxes are as follows:

(in thousands)	December 31 2005	December 31 2004	August 31 2004	August 31 2003
Non-capital losses	\$ 520	\$ 251	\$ 30	\$ 15
Deductible temporary differences	2,849	1,245	17	20
	3,369	1,496	47	35
Valuation allowance	(3,369)	(1,496)	(47)	(35)
	\$ -	\$ -	\$ -	\$ -

Prior to the Luismin transaction, the Company operated primarily in Canada and was subject to taxation at the applicable statutory rates. Subsequent to the Luismin transaction, all of the Company's income generating activities, including the sale of silver, are conducted by its 100% owned subsidiary Silver Wheaton (Caymans) Ltd. ("SW Caymans"). SW Caymans operates in the Cayman Islands and is subject to a statutory tax rate of nil%. The Company does not have any plans to repatriate this money to Canada. As a result, no future income tax assets or liabilities have been recognized.

10. COMMITMENTS

In connection with the Luismin and Zinkgruvan Transactions (Note 3), the Company has committed to purchase 100% of the silver produced by each mine for a per-ounce cash payment of the lesser of \$3.90 and the then prevailing market price, subject to adjustment.

The Company does not have any fixed commitments.

11. SEGMENTED INFORMATION

The Company's reportable operating segments are summarized in the table below. This information has been segmented on a silver contract basis. Prior to the Luismin Transaction on October 15, 2004, the Company operated in one business segment, which was discontinued. As a result, similar figures are not applicable for prior periods.

Year Ended December 31, 2005							
(in thousands)	Luismin		Zinkgruvan		Corporate		Consolidated
Statements of Operations							
Sales	\$	57,406	\$	13,489	\$	-	\$ 70,895
Cost of sales		30,754		7,085		-	37,839
Depreciation		2,931		3,069		-	6,000
Earnings from operations		23,721		3,335		-	27,056
Expenses and other income		-		-		(1,765)	(1,765)
Net earnings (loss)	\$	23,721	\$	3,335	(1,765)	\$	25,291
(in thousands)	Luismin		Zinkgruvan		Corporate		Consolidated
Total assets	\$	55,614	\$	77,214	\$	133,323	\$ 266,151
Total liabilities	\$	-	\$	1,555	\$	406	\$ 1,961
Four Months Ended December 31, 2004							
(in thousands)	Luismin		Zinkgruvan		Corporate		Consolidated
Statements of Operations							
Sales	\$	10,175	\$	811	\$	-	\$ 10,986
Cost of sales		5,410		460		-	5,870
Depreciation		586		211		-	797
Earnings from operations		4,179		140		-	4,319
Expenses and other income		-		-		(2,554)	(2,554)
Net earnings (loss)	\$	4,179	\$	140	\$	(2,554)	\$ 1,765
(in thousands)	Luismin		Zinkgruvan		Corporate		Consolidated
Total assets	\$	58,546	\$	77,708	\$	20,734	\$ 156,988
Total liabilities	\$	421	\$	938	\$	1,198	\$ 2,557

12. DISCONTINUED OPERATIONS

Effective February 25, 2004, the Company sold its subsidiary, Dial, for cash proceeds of \$247,000 to a group that included former directors and shareholders of the Company.

The operations of Dial have been accounted for as a discontinued operation and, for reporting purposes, the results of operations, financial position and cash flows have been segregated from those of continuing operations for the current and prior periods. The Company has included in the results of discontinued operations the loss on the sale of Dial and the earnings from discontinued operations from the measurement date to the disposal date. At December 31, 2005 and 2004 and August 31, 2004 the Company did not have any assets or liabilities pertaining to discontinued operations.

Financial results of discontinued operation:

(in thousands)	December 31 2005	December 31 2004	August 31 2004	August 31 2003
Sales	\$ -	\$ -	\$ 453	\$ 763
Earnings	-	-	62	76
Loss on disposal of Dial (net of income tax of \$nil)	-	-	(158)	-
(Loss) earnings from discontinued operations	\$ -	\$ -	\$ (96)	\$ 76

Cash flows from discontinued operations for the year ended August 31, 2004 consist of proceeds from the sale of Dial in the amount \$247,000 and advances from Dial to the Company in the amount of \$14,000 (2003 - \$17,000).

13. RECONCILIATION TO UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These financial statements are prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). Silver Wheaton is amending and restating its United States generally accepted accounting principles ("US GAAP") note disclosure in its financial statements for the year ended December 31, 2005 and the four months ended December 31, 2004. The restatement adjusts the Company's US GAAP accounting for share purchase warrants with an exercise price denominated in a currency other than the Company's functional currency and is discussed further in note 13(a). A reconciliation of earnings determined in accordance with Canadian GAAP to earnings and comprehensive income determined under accounting principles which are generally accepted in the United States is as follows:

(in thousands)	Year Ended December 31 2005	Four Months Ended December 31 2004	Year Ended August 31 2004	Year Ended August 31 2003
Earnings as reported under Canadian GAAP (and US GAAP prior to restatement)	\$ 25,291	\$ 1,765	\$ (151)	\$ 59
Differences between Canadian and US GAAP (a)	(50,051)	(8,028)	-	-
Restated earnings (loss) in accordance with US GAAP	\$ (24,760)	\$ (6,263)	\$ (151)	\$ 59
Unrealized gains on available for sale securities (b)	6,580	-	-	-
Comprehensive income (loss) under US GAAP	\$ (18,180)	\$ (6,263)	\$ (151)	\$ 59

The Company's restated earnings per share according to US GAAP are as follows:

	Year Ended December 31 2005	Four Months Ended December 31 2004	Year Ended August 31 2004	Year Ended August 31 2003
Basic and diluted loss per share from continuing operations	\$ (0.15)	\$ (0.06)	\$ (0.03)	\$ (0.01)
Basic and diluted (loss) earnings per share from discontinued operations	\$ 0.00	\$ 0.00	\$ (0.06)	\$ 0.04
Basic and diluted (loss) earnings per share	\$ (0.15)	\$ (0.06)	\$ (0.09)	\$ 0.03

Assets, Liabilities and Shareholders' equity determined in accordance with Canadian GAAP are reconciled to Assets, Liabilities and Shareholders' equity in accordance with US GAAP as follows:

(in thousands)	December 31 2005	December 31 2004	August 31 2004
Assets			
In accordance with Canadian GAAP	\$ 266,151	\$ 156,988	\$ 53,491
Unrealized gains on available for sale securities (b)	6,580	-	-
In accordance with US GAAP	\$ 272,731	\$ 156,988	\$ 53,491
Liabilities			
In accordance with Canadian GAAP (and US GAAP prior to restatement)	\$ 1,961	\$ 2,557	\$ 3,320
Differences between Canadian and US GAAP (a)	96,927	36,607	-
Restated liabilities in accordance with US GAAP	\$ 98,888	\$ 39,164	\$ 3,320
Shareholders' equity			
In accordance with Canadian GAAP	\$ 264,190	\$ 154,431	\$ 50,171
Cumulative unrealized gains on available for sale securities (b)	6,580	-	-
In accordance with US GAAP prior to restatement	\$ 270,770	\$ 154,431	\$ 50,171
Cumulative difference in retained earnings (a)	(58,079)	(8,028)	-
Reclassification of warrants as a liability (a)	(38,867)	(28,579)	-
Fair value increment on warrants exercised	19	-	-
Restated shareholders' equity in accordance with US GAAP	\$ 173,843	\$ 117,824	\$ 50,171
Accumulated other comprehensive income			
In accordance with Canadian GAAP	\$ -	\$ -	\$ -
Unrealized gains on available for sale securities (b)	6,580	-	-
In accordance with US GAAP	\$ 6,580	\$ -	\$ -

- (a) For Canadian GAAP purposes, share purchase warrants are classified and accounted for as equity in the Company's financial statements.

The technical interpretation by US regulatory authorities of US GAAP, in accordance with SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, requires share purchase warrants with an exercise price denominated in a currency other than the Company's functional currency be classified and accounted for as a financial liability at their fair value with any resulting gains or losses being included in the calculation of US GAAP earnings. As a result of this interpretation, the Company has restated its December 31, 2005 and 2004 US GAAP net earnings to reflect the mark-to-market impacts related to fair valuation of the Company's warrants. The net effect of the restatement is to reduce net earnings in 2005 by an amount of \$50.1 million arising from the recognition of a mark-to-market loss on the share purchase warrants (2004 – mark-to-market loss of \$8.0 million). This non-cash restatement has no effect on the Company's cash flow or liquidity at the ends of the respective restated periods.

- (b) Under US GAAP (FAS 115 – Accounting For Certain Investments in Debt and Equity Securities), the Company's Long-term investments would be classified as available-for-sale securities and carried at fair value. The unrealized holding gains at December 31, 2005 on available-for-sale securities are not recognized under Canadian generally accepted accounting principles, but are recognized under United States accounting principles as a component of comprehensive income and reported as a net amount in a separate component of shareholders' equity until realized.

Recently released accounting standards

Recently issued United States accounting pronouncements have been outlined below.

In March 2005, the Emerging Issues Committee issued EITF 04-3, Mining Assets – Impairment and Business Combinations, which states that an entity should include Value Beyond Proven and Probable Reserves and Resources ("VBPP") in the value allocated to mining assets in a purchase price allocation to the extent that a market participant would include VBPP in determining the fair value of the assets. EITF 04-3 also states that an entity should include the effects of anticipated fluctuations in the future market price of minerals in determining the fair value of mining assets in a purchase price allocation in a manner that is consistent with the expectations of marketplace participants. In addition, EITF 04-3 states that an entity should include the cash flows associated with VBPP as well as the effects of anticipated fluctuations in the market price of minerals in estimates of future cash flows (both undiscounted and discounted) used for determining whether a mining asset is impaired. The Company's current accounting policy of allocating the cost of silver contracts and mining interests separately to reserves, resources and exploration potential and depreciating the value attributed to reserves on a unit-of-sale basis over the estimated recoverable reserves for each specific contract, is in compliance with EITF 04-3.

In November 2005, the FASB issued FASB Staff Position (FSP) FAS 115-1 and FAS 124-1 – *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*. This FSP addresses the determination as to when an investment is considered impaired, whether that impairment is other than temporary, and the measurement of an impairment loss. This FSP also includes accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The guidance in this FSP FAS 115-1 and FAS 124-1 is applicable to reporting periods beginning after December 15, 2005. Management does not expect the adoption of this FSP to have a material effect on the Company's consolidated financial position and results of operations.

In December 2004, the FASB issued SFAS No. 123 (R) – *Share-Based Payment*, which replaces SFAS No. 123 – *Accounting for Stock-Based Compensation*, and supersedes APB Opinion No. 25 – *Accounting for Stock Issued to Employees*. In March 2005, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 107 – *Share-Based Payment*, which provides interpretive guidance related to SFAS No. 123 (R). SFAS No. 123 (R) requires compensation costs related to share-based payment transactions to be recognized in the financial statements.

With limited exceptions, the amount of compensation cost is measured based on the grant-date fair value of the equity or liability instruments issued. SFAS No. 123 (R) requires liability awards to be re-measured each reporting period and compensation costs to be recognized over the period that an employee provides service in exchange for the award. Management plans to adopt this statement on the modified prospective basis beginning January 1, 2006, and does not expect adoption of this statement to have a material effect on the Company's consolidated financial position and results of operations. Subsequent to adoption of this statement, share-based benefits will be valued at fair value using the Black-Scholes option pricing model for option grants and the grant date fair market value for stock awards. Compensation amounts so determined will be expensed over the applicable vesting period.

In March, 2005, the FASB issued FIN 47, "Accounting for Conditional Asset Retirement Obligation – an interpretation of FASB 143". FIN 47 provides guidance that an entity must record a liability even if the obligation is conditional upon the occurrence of a future event (e.g. plant shutdown), unless it is not possible to make a reasonable estimate of the obligation. It also provides criteria for determining when an asset retirement obligation may be estimated reasonably. The interpretation is effective no later than the end of fiscal years ending after December 15, 2005. Retroactive application for interim financial information is permitted but not required. The Company has adopted this standard which did not have a significant impact on its results of operations.

In May 2005, the FASB issued FAS 154 – Accounting Changes and Error Corrections, a replacement of APB Opinion 20 and FASB Statement 3. This Statement of changes the requirements for the accounting for and reporting a change in accounting principle and applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. The Statement is effective for accounting changes made in fiscal years beginning after December 15, 2005. Management does not expect the adoption of this Statement to have a material effect on the Company's consolidated financial position and results of operations.

The FASB issued FAS 153- Exchanges of Non-monetary Assets, an amendment of APB Opinion 29. This Statement amends Opinion 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The Statement is effective for fiscal periods beginning after June 15, 2005. Management does not expect the adoption of this Statement to have a material effect on the Company's consolidated financial position and results of operations.

In November 2005, the FASB concluded that in their proposed Accounting for Uncertain Tax Positions – an Interpretation of FASB Statement No. 109, a benefit recognition model with a two-step approach would be used, with a more-likely-than-not recognition criterion and a best estimate measure attribute. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more-likely-than-not, based solely on the technical merits, that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the appropriate amount of the benefit to recognize, which will be measured using the best estimate of the amount that will be sustained. The tax position should be derecognized when it is no longer more-likely-than-not of being sustained. In January 2006, the FASB concluded that the final Interpretation will be effective as of the beginning of the first annual period beginning after December 31, 2006. The Company is currently evaluating the implications of this Interpretation.

In February 2006, the FASB issued FAS 155 Accounting for Certain Hybrid Financial Instruments – an amendment of FASB Statements No. 133 and 140. This Statement resolves issues addressed in Statement 133 Implementation Issue No. D1, "Application of Statement 133 to Beneficial Interests in Securitized Financial Assets." This Statement:

- Permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation
- Clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement 133

- Establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation
- Clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives
- Amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument.

This Statement is effective for all financial instruments acquired or issued after the beginning of fiscal years that begin after September 15, 2006. The Company is currently evaluating the implications of this Statement.

14. SUBSEQUENT EVENTS

- (a) On February 13, 2006, Silver Wheaton announced that it has agreed to amend its existing silver purchase agreement in connection with Goldcorp's plans to substantially increase its investment in exploration and development at its San Dimas mine in Mexico. As a result of the planned exploration and development at San Dimas, Silver Wheaton and Goldcorp anticipate that additional silver sales will aggregate more than 100 million ounces over the remaining 24 year term of the silver purchase agreement.

Under the existing silver purchase agreement dated October 15, 2004, Silver Wheaton is entitled to purchase all of the silver produced by Goldcorp's Mexican operations, Luismin, for a per ounce cash payment of the lesser of US\$3.90 and the prevailing market price (subject to an inflationary adjustment commencing in 2007). Further, Luismin is required to deliver a minimum of 120 million ounces over the 25 year contract period and Silver Wheaton is obligated to pay 50% of any capital expenditures made by Luismin at its mining operations in excess of 110% of the projected capital expenditures outlined in the agreement.

Goldcorp and Silver Wheaton have agreed to amend the existing agreement, increasing the minimum number of ounces of silver to be delivered over the 25 year contract period by 100 million ounces, to 220 million ounces, and waiving any capital expenditure contributions previously required to be paid by Silver Wheaton. In consideration for these amendments, Silver Wheaton will issue to Goldcorp 18 million common shares representing 9.8% of the outstanding shares of Silver Wheaton, and a US\$20 million promissory note, increasing Goldcorp's ownership to 62%, or 126 million common shares of Silver Wheaton. Goldcorp does not have any present intention to acquire ownership of, or control over, any additional securities of Silver Wheaton. The total consideration of US\$150 million is equal to the approximate value of Silver Wheaton's share of the future capital expenditures estimated over the remaining life of the existing agreement.

Production of silver at the Luismin mines, which in 2005 approximated 8 million ounces, is expected to average approximately 9.5 million ounces for 2006, 2007 and 2008, increasing to 13 million ounces per annum thereafter. As a result of the amendment to the silver purchase agreement, Silver Wheaton will not be required to fund its 50% share of the increased capital expenditures planned by Goldcorp and will preserve its cash resources to fund growth opportunities.

- (b) On February 23, 2006, Silver Wheaton announced that it has agreed to purchase 4.75 million ounces of silver per year, for a period of 20 years, from Glencore International AG, based on the production from their Yauliyacu mining operations in Perú. With this acquisition, Silver Wheaton is expected to have annual silver sales of over 15 million ounces in 2006, increasing to 20 million ounces by 2009 and thereafter.

Silver Wheaton will pay an upfront payment of \$285 million, comprised of \$245 million in cash and a \$40 million promissory note, and \$3.90 per ounce of silver delivered under the contract (subject to an inflationary adjustment after three years).

Yauliyacu is a low-cost silver/lead/zinc mine located in central Perú which has been in continuous operation for more than 100 years and is expected to produce an average of 6 million ounces of silver per year during the term of the contract. 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

During the term of the contract, Silver Wheaton will have 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 from any other mine currently owned by Glencore. In addition, Silver Wheaton will also have an option to extend the 20 year term of the silver purchase agreement in five year increments, on substantially the same terms as the existing agreement, subject to an adjustment related to silver price expectations at the time and other factors.

In order to fund the \$245 million cash consideration, Silver Wheaton intends to use cash on hand of \$120 million, together with \$125 million of bank debt. Closing of the transaction is subject to execution of definitive agreements and receipt of all regulatory approvals and third-party consents, including acceptance by the Toronto Stock Exchange. The transaction is expected to close in March 2006.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This news release contains “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the future price of silver, 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 and reserve conversion rates. 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 state 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: risks related to the integration of acquisitions, the absence of control over mining operations from which Silver Wheaton purchases silver and risks related to these mining operations, including risks related to international operations, actual results of current exploration activities, actual results of current reclamation activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed in the section entitled “Description of the Business – Risk Factors” in Silver Wheaton’s annual information form for the year ended December 31, 2004 incorporated by reference into Silver Wheaton’s Form 40-F on file with the U.S. Securities and Exchange Commission in Washington, D.C. 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 such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Silver Wheaton does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

CAUTIONARY LANGUAGE REGARDING RESERVES AND RESOURCES

Readers are advised that National Instrument 43-101 of the Canadian Securities Administrators requires that each category of mineral reserves and mineral resources be reported separately. Readers should refer to the annual information form of Silver Wheaton for the year ended December 31, 2004 and other continuous disclosure documents filed by Silver Wheaton since January 1, 2005 available at www.sedar.com, for this detailed information, which is subject to the qualifications and notes set forth therein.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources: This news release uses the terms “Measured”, “Indicated” and “Inferred” 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. “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.**

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STOCK EXCHANGE LISTINGS

Toronto Stock Exchange: SLW
New York Stock Exchange: SLW

DIRECTORS

Peter Barnes
Lawrence Bell
John Brough
Peter Gillin
Douglas Holtby
Eduardo Luna, *Chairman*
Wade Nesmith

OFFICERS

Peter Barnes
President & Chief Executive Officer
Randy Smallwood
Executive Vice President, Corporate Development
Nolan Watson
Chief Financial Officer

TRANSFER AGENT

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1600 - 1066 West Hastings Street
Vancouver, BC V6E 3X1
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AUDITORS

Deloitte & Touche LLP
Vancouver, BC

INVESTOR RELATIONS

David Awram
Director, Investor Relations
Toll-free: (800) 387-8687

Consent of Independent Registered Chartered Accountants

We consent to the use in this Amendment No. 1 to Annual Report on Form 40-F of our report dated March 3, 2006 (March 16, 2007 as to the effects of the restatement described in Note 13) relating to the consolidated financial statements of Silver Wheaton Corp. for the year ended December 31, 2005, and to the reference to us under the heading “Interests of Experts” in the Annual Information Form dated March 16, 2006 incorporated by reference in this Amendment No.1 to Annual Report on Form 40-F.

We also consent to the incorporation by reference in Registration Statement No. 333-128128 on Form S-8 of our report dated March 3, 2006 (March 16, 2007 as to the effects of the restatement described in Note 13) appearing in this Amendment No.1 to Annual Report on Form 40-F of Silver Wheaton Corp. for the year ended December 31, 2005.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Independent Registered Chartered Accountants
Vancouver, British Columbia, Canada
March 20, 2007

Certification of the Chief Executive Officer

I, Peter Barnes, certify that:

1. I have reviewed this amendment to the 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 registrant as of, and for, the periods presented in this report;
4. The registrant'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)) for the registrant 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 registrant, 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) Evaluated the effectiveness of the registrant'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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: March 20, 2007

/s/ Peter Barnes
Peter Barnes
President and Chief Executive Officer

Certification of the Chief Financial Officer

I, Nolan Watson, certify that:

1. I have reviewed this amendment to the 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 registrant as of, and for, the periods presented in this report;
4. The registrant'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)) for the registrant 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 registrant, 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) Evaluated the effectiveness of the registrant'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
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: March 20, 2007

/s/ Nolan Watson
Nolan Watson
Chief Financial Officer

**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, as amended, of Silver Wheaton Corp. (the “Company”) on Form 40-F for the period ended December 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Peter Barnes, Chief Executive 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 the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 20, 2007

/s/ Peter Barnes

Peter Barnes

President and Chief Executive Officer

**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, as amended, of Silver Wheaton Corp. (the “Company”) on Form 40-F for the period ended December 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Nolan Watson, 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 the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 20, 2007

/s/ Nolan Watson
Nolan Watson
Chief Financial Officer
