

METROMEDIA INTERNATIONAL GROUP INC
Form SC 13D/A
October 20, 2006

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No.1)

Metromedia International Group, Inc.

(Name of Issuer)

Common Stock, \$.01 par value

(Title of Class of Securities)

591689104

(CUSIP Number)

Martin D. Sklar, Esq.
Kleinberg, Kaplan, Wolff & Cohen, P.C.
551 Fifth Avenue, New York, New York 10176
Tel: (212) 986-6000

(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

October 18 , 2006

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of ss.ss. 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

SCHEDULE 13D

CUSIP No 591689104

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Esopus Creek Value LP

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

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6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 2,530,000
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 2,530,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,530,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.7%

14 TYPE OF REPORTING PERSON

PN

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Esopus Creek Advisors LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 2,530,000
	9	SOLE DISPOSITIVE POWER 0

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WITH 10 SHARED DISPOSITIVE POWER
2,530,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,530,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
2.7%

14 TYPE OF REPORTING PERSON
OO

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
Andrew L. Sole

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS
AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
United States

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH 7 SOLE VOTING POWER
0

8 SHARED VOTING POWER
2,530,000

9 SOLE DISPOSITIVE POWER
0

10 SHARED DISPOSITIVE POWER
2,530,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,530,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
2.7%

14 TYPE OF REPORTING PERSON

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IN

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Joseph S. Criscione

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER	0
	8	SHARED VOTING POWER	2,530,000
	9	SOLE DISPOSITIVE POWER	0
	10	SHARED DISPOSITIVE POWER	2,530,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,530,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.7%

14 TYPE OF REPORTING PERSON

IN

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Cadence Investment Management, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

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4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER	0
	8	SHARED VOTING POWER	2,363,442
	9	SOLE DISPOSITIVE POWER	0
	10	SHARED DISPOSITIVE POWER	2,363,442

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,363,442

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.5%

14 TYPE OF REPORTING PERSON

IA

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Cadence Master, Ltd.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

British Virgin Islands

NUMBER OF	7	SOLE VOTING POWER	0
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SHARES		
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER 551,031
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 551,031

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

551,031

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.6%

14 TYPE OF REPORTING PERSON

IA

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Philip R. Broenniman

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 155,000
	8	SHARED VOTING POWER 2,363,442
	9	SOLE DISPOSITIVE POWER 155,000
	10	SHARED DISPOSITIVE POWER 2,363,442

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,515,442

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12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.7%

14 TYPE OF REPORTING PERSON

IN

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Mellon HBV Alternative Strategies LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 7,907,610
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 7,907,610

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,907,610

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

8.4%

14 TYPE OF REPORTING PERSON

IA

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

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Mellon HBV Company, Ltd.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

NUMBER OF SHARES BENEFICIAALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 7,907,610
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 7,907,610

11 AGGREGATE AMOUNT BENEFICIAALLY OWNED BY EACH REPORTING PERSON

7,907,610

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

8.4%

14 TYPE OF REPORTING PERSON

CO

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

D.E. Shaw Laminar Portfolios, L.L.C.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

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6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 6,813,000
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 6,813,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

6,813,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.2%

14 TYPE OF REPORTING PERSON

OO

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

D.E. Shaw & Co., L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 6,813,000
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 6,813,000

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11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

6,813,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.2%

14 TYPE OF REPORTING PERSON

IA, PN

1 NAME OF REPORTING PERSON

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

D.E. Shaw & Co., L.L.C.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER	0
	8	SHARED VOTING POWER	6,813,000
	9	SOLE DISPOSITIVE POWER	0
	10	SHARED DISPOSITIVE POWER	6,813,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

6,813,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.2%

14 TYPE OF REPORTING PERSON

OO

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1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

David E. Shaw

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

NUMBER OF SHARES BENEFICIAALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 6,813,000
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 6,813,000

11 AGGREGATE AMOUNT BENEFICIAALLY OWNED BY EACH REPORTING PERSON

6,813,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.2%

14 TYPE OF REPORTING PERSON

IN

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Black Horse Capital LP

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

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WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 3,825,344
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 3,825,344

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,825,344

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

4.1%

14 TYPE OF REPORTING PERSON

PN

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Black Horse Capital (QP) LP

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 1,135,010

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OWNED BY EACH REPORTING PERSON WITH	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 1,135,010

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,135,010

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.2%

14 TYPE OF REPORTING PERSON

PN

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Black Horse Capital Offshore Ltd.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

NUMBER OF SHARES BENEFI- CIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 877,550
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 877,550

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

877,550

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

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0.9%

14 TYPE OF REPORTING PERSON

CO

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Black Horse Capital Management LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER	0
	8	SHARED VOTING POWER	4,960,354
	9	SOLE DISPOSITIVE POWER	0
	10	SHARED DISPOSITIVE POWER	4,960,354

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

4,960,354

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.2%

14 TYPE OF REPORTING PERSON

OO

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Black Horse Capital Advisors LLC

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2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 877,550
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 877,550

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

877,550

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.9%

14 TYPE OF REPORTING PERSON

OO

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Dale Chappell

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

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NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 5,837,904
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 5,837,904

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

5,837,904

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

6.2%

14 TYPE OF REPORTING PERSON

IN

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Brian Sheehy

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF, PF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 61,397
	8	SHARED VOTING POWER 5,827,245
	9	SOLE DISPOSITIVE POWER 61,397
	10	SHARED DISPOSITIVE POWER 5,827,245

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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5,899,301

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

6.2%

14 TYPE OF REPORTING PERSON

IN

This Schedule 13D shall amend and restate the Schedule 13D filed by the Reporting Persons (as defined below) other than the Black Horse Reporting Persons (as defined below) on October 10, 2006, and be deemed an amendment to the Schedule 13D filed by the Black Horse Reporting Persons on October 3, 2006.

Item 1. Security and Issuer

This statement on Schedule 13D relates to the common stock, par value \$0.01 per share (the "Common Stock"), of Metromedia International Group, Inc., a Delaware corporation ("Issuer"). The principal executive offices of Issuer are located at 8000 Tower Point Drive, Charlotte, North Carolina 28227.

Item 2. Identity and Background

(a). NAME

The names of the persons filing this statement on Schedule 13D are:

(i) The "Esopus Reporting Persons:"

- Esopus Creek Value LP ("Esopus Fund")
- Esopus Creek Advisors LLC ("Esopus Advisors")
- Andrew L. Sole ("Mr. Sole")
- Joseph S. Criscione ("Mr. Criscione")

(ii) The "Black Horse Reporting Persons:"

- Black Horse Capital LP ("BH Domestic Fund"),
- Black Horse Capital (QP) LP ("BH QP Fund"),
- Black Horse Capital Offshore Ltd. ("BH Offshore Fund"),
- Black Horse Capital Management LLC ("BH Management"),
- Black Horse Capital Advisors LLC ("BH Advisors"),
- Dale Chappell ("Mr. Chappell") and
- Brian Sheehy ("Mr. Sheehy").

(iii) The "Mellon HBV Reporting Persons:"

- Mellon HBV Alternative Strategies LLC ("Mellon Adviser")
- Mellon HBV Company, Ltd. ("Mellon Limited")

This Schedule 13D is also being filed by the Mellon HBV Reporting Persons on behalf of Mellon HBV Master Multi-Strategy Fund L.P., Mellon HBV Master Leveraged Multi-Strategy Fund L.P. and Mellon HBV Master U.S. Event Driven Fund L.P. (the three funds identified in this sentence shall collectively be referred to as the "Mellon Funds"). The directors and executive officers of Mellon Adviser and Mellon Limited are set forth on Appendix III attached hereto.

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(iv) The "D.E. Shaw Reporting Persons:"

- D. E. Shaw Laminar Portfolios, L.L.C. ("Laminar")
- D. E. Shaw & Co., L.P. ("DESCO LP")
- D. E. Shaw & Co., L.L.C. ("DESCO LLC")
- David E. Shaw

The Esopus Reporting Persons, the Black Horse Reporting Persons, the Mellon HBV Reporting Persons and the D. E. Shaw Reporting Persons shall collectively be referred to as the "Reporting Persons." Cadence Investment Management, LLC, Cadence Master, Ltd. and Philip R. Broenniman (collectively, "Cadence") shall no longer be deemed Reporting Persons as they are no longer "acting in consent" with the other Reporting Persons. Each of the Reporting Persons is responsible for the completeness and accuracy of the information concerning him or it contained herein, but is not responsible for the completeness and accuracy of the information concerning the others, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

(b). RESIDENCE OR BUSINESS ADDRESS

(i) The principal business address for each of the Esopus Reporting Persons is 500 Fifth Avenue, Suite 2620, New York, New York 10110.

(ii) The principal business address for each of BH Domestic Fund, BH QP Fund, BH Management, BH Advisors, Mr. Chappell and Mr. Sheehy is 45 Rockefeller Plaza, 20th Floor, New York, New York 10111. The principal business address of BH Offshore Fund is c/o M&C Corporate Services Limited, addressStreetP.O. Box 309GT, Uglund House, addressStreetSouth Church Street, CityGeorge Town, placeGrand Cayman, placeCayman Islands.

(iii) The principal business address of each of the MHBV Reporting Persons is c/o Mellon HBV Alternative Strategies LLC, 200 Park Avenue, 54th floor, New York, New York 10166.

(iv) The principal address and principal office, as applicable, for each of the D. E. Shaw Reporting Persons is 120 West Forty-Fifth Street, Floor 39, Tower 45, New York, New York 10036.

(c). PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT AND THE NAME, PRINCIPAL BUSINESS AND ADDRESS OF ANY CORPORATION OR OTHER ORGANIZATION IN WHICH SUCH EMPLOYMENT IS CONDUCTED

(i) Esopus Fund is a private investment fund that invests on behalf of institutions and high net worth individuals. The principal business of Esopus Advisors is to serve as the general partner of Esopus Fund. The principal business of each of Mr. Sole and Mr. Criscione is to serve as a managing member of Esopus Advisors and as portfolio managers to the Esopus Fund and other affiliated entities.

(ii) The principal business of each of BH Domestic Fund, BH QP Fund and BH Offshore Fund is that of a private investment fund engaged in the purchase and sale of securities for its own account. The principal business of BH Advisors is providing investment management services. The principal business of BH Management is serving as the managing general partner of BH Domestic Fund and BH QP Fund. The principal occupation of Mr. Chappell and Mr. Sheehy is serving as the managing members of BH Advisors and BH Management. The Directors and Executive Officers of the BH Offshore Fund are set forth on Appendix III attached hereto which is incorporated herein by reference.

(iii) Mellon Adviser is a registered investment adviser under the

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Investment Advisers Act of 1940. Mellon Limited is a wholly owned direct subsidiary of Mellon Adviser. Each Mellon Fund is a limited partnership which is exempt from registration as an investment company under the Investment Company Act of 1940. Mellon Limited is the general partner of each Mellon Fund. Voting and dispositive power over the securities reported herein as beneficially owned is exercised by Mellon Adviser as investment adviser to the Mellon Funds. The Directors and Executive Officers of Mellon Advisers and Mellon Limited are set forth on Appendix III attached hereto which is incorporated herein by reference.

(iv) The principal business of Laminar is that of a limited liability company focusing primarily on credit-opportunities-related investment strategies. Laminar does not have any executive officers or directors. The principal business of DESCO LP is to act as an investment adviser to certain funds, including, without limitation, Laminar. The principal business of DESCO LLC is to act as managing member to certain funds, including, without limitation, Laminar. D. E. Shaw & Co., Inc., a Delaware corporation ("DESCO Inc."), is the general partner of DESCO LP. D. E. Shaw & Co. II, Inc., a Delaware corporation ("DESCO II, Inc."), is the managing member of DESCO LLC. David E. Shaw is the president and sole shareholder of DESCO Inc. and DESCO II, Inc.

(d), (e). CRIMINAL CONVICTIONS; CIVIL PROCEEDINGS

During the last five years, none of the Reporting Persons have: (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations or prohibiting activities subject to federal or state securities laws or finding any violation of such laws.

(f). CITIZENSHIP

(i) Esopus Fund is a Delaware limited Partnership. Esopus Advisors is a Delaware limited liability company. Each of Mr. Sole and Mr. Criscione is a citizen of the United States.

(ii) Each of BH Domestic Fund and BH QP Fund are placeStateDelaware limited partnerships. Each of BH Management and BH Advisors is a placeStateDelaware limited liability company. BH Offshore Fund is a placeCayman Islands exempted company. Messrs. Chappell and Sheehy are placecountry-regionUnited States citizens.

(iii) Mellon Adviser is a Delaware limited liability company. Mellon Limited is a Cayman Islands company.

(iv) Laminar is a Delaware limited liability company. DESCO LP is a Delaware limited partnership. DESCO LLC is a Delaware limited liability company. David E. Shaw is a citizen of the United States.

Item 3. Source and Amount of Funds or Other Consideration

(a) Esopus Fund allocated approximately \$3,747,711 to acquire its shares of Common Stock. The funds used to purchase the shares of Common Stock were obtained from a combination of the general working capital of the Esopus Fund and margin account borrowings made in the ordinary course of business, although Esopus Fund cannot determine whether any funds allocated to purchase the Issuer's Common Stock were obtained from any margin account borrowings.

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(b) The total amount of funds allocated by the Black Horse Reporting Persons to acquire the shares of Common Stock owned by them was \$13,892,721. Each of BH Domestic Fund, BH QP Fund and BH Offshore Fund used its own assets to purchase such shares, which may at any given time include funds borrowed in the ordinary course in their margin accounts. Mr. Sheehy used his personal funds to acquire the securities he owns directly.

(c) The Mellon HBV Reporting Persons used funds from the working capital for purposes of effecting the transactions reported herein. The aggregate purchase price paid by the Mellon HBV Reporting Persons for their shares of Common Stock was approximately \$8,987,159.

(d) In acquiring its shares of Common Stock, Laminar expended approximately \$6,614,243 (excluding commissions) of its working capital.

Item 4. Purpose of Transaction

By Letter to the Issuer dated October 5, 2006, Esopus Fund nominated the following persons for election to the Issuer's Board of Directors at the annual meeting of the Issuer's shareholders scheduled to be held on December 15, 2006 (the "2006 Annual Meeting"): (1) Andrew L. Sole, Esq., (2) Philip R. Broenniman, (3) William F. "Mickey" Harley III, (4) Jerry Marcus and (5) Goara Gabriella Volshteyn (the "Nominees").

By Letter to the Issuer dated October 6, 2006, Esopus proposed two shareholder resolutions (the "Proposals"), one amending the by-laws to require a majority shareholder vote with respect to certain merger and asset sales, and the second resolution to specifically require a majority shareholder vote with respect to the proposed sale transaction (the "Proposed Transaction") involving Istithmar PJSC, Salford Georgia and Emergent Telecom Ventures Limited described in the Corporation's Form 8-K filed with the Securities and Exchange Commission on October 2, 2006. The Reporting Persons oppose the Proposed Transaction as currently formulated.

Each of the Reporting Persons acquired the Common Stock beneficially owned by each in the ordinary course of its, his or her, as applicable, securities trading activities. On October 5, 2006, the Esopus Reporting Persons, Cadence, the Mellon Reporting Persons and the D. E. Shaw Reporting Persons entered into a verbal, non-binding agreement to support the election of the Nominees and the adoption of the Proposals at the 2006 Annual Meeting, and they agreed to share the related costs. On October 18, 2006, the Black Horse Reporting Persons agreed to cooperate with the above Reporting Persons and became a party to the verbal, non-binding agreement described above. On October 18, 2006, Cadence ceased to be a party to such agreement and shall no longer report on this Schedule 13D after the filing hereof. The withdrawal of Cadence does not impact the above nominations.

The Reporting Persons currently intend to engage in a proxy solicitation in support of the election of the Nominees and the adoption of the Proposals, but reserve the right not to do so. The Reporting Persons also reserve the right to continue to acquire and/or dispose of securities of the Issuer, to commence litigation against the Issuer, its directors and/or its officers, to recommend to management alternatives to the Proposed Transaction, and to take any other appropriate actions in furtherance of the election of the Nominees, the adoption of the Proposals, and the opposition of the Reporting Persons to the Proposed Transaction.

On October 18, 2006, the Esopus Fund brought an action against the Issuer in Delaware Chancery Court to enjoin the Proposed Transaction based upon its

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belief that the Issuer's intention to commit or consummate the Proposed Transaction prior to the 2006 Annual Meeting violates the Delaware Chancery Court's stipulated order to conduct an annual meeting for the election of directors on December 15, 2006.

On October 19, 2006, the Esopus Fund and the Black Horse Funds brought a separate action in the Delaware Chancery Court against the Issuer and the Issuer's Board of Directors (excluding William F. Harley III, who joined the Board of Directors following the announcement of the Proposed Transaction) also seeking to enjoin the Proposed Transaction based upon alleged breaches of fiduciary duties of care and loyalty and violation of Section 271 of the Delaware General Corporation Law requiring a shareholder vote for such an asset sale.

The Issuer has expanded the size of its Board of Directors by one member and appointed William F. Harley III, one of the Nominees, to the Board of Directors as a Class I Director of the Issuer with a term expiring at the 2006 Annual Meeting.

Item 5. Interest in Securities of the Issuer

(a). (i) The Esopus Reporting Persons beneficially own 2,530,000 shares of Common Stock, representing 2.7% of the outstanding shares of Common Stock.

(ii) The Black Horse Reporting Persons beneficially own 5,899,301 shares of Common Stock representing 6.2% of the outstanding shares of Common Stock.

BH Domestic Fund, BH QP Fund, BH Offshore Fund (collectively, the "Black Horse Funds") and Mr. Sheehy owned directly 3,422,514, 1,015,989, 783,078 and 58,600 shares of Common Stock, respectively, and 120,970, 35,742, 28,370 and 840 shares of Preferred Stock, par value \$0.01 per share (the "Preferred Stock"), of the Issuer, respectively, representing (on an as converted to Common Stock basis*) approximately 4.1%, 1.2%, 0.9% and less than 0.1% of the shares of Common Stock outstanding. BH Advisors, in its capacity as investment advisor to the BH Offshore Fund and as a result of certain relationships among the Black Horse Funds and their affiliates, may be deemed to be the beneficial owner of the 5,899,301 shares of Common Stock held directly by the Black Horse Funds and Mr. Sheehy, constituting 6.2% of the shares of Common Stock outstanding. BH Management, in its capacity as the general partner of the BH Domestic Fund and the BH QP Fund and as a result of certain relationships among the Black Horse Funds and their affiliates, may be deemed to be the beneficial owner of 5,899,301 shares of Common Stock held directly by the Black Horse Funds and Mr. Sheehy, constituting 6.2% of the shares of Common Stock outstanding.

Messrs. Chappell and Sheehy, in their capacity as managing members of BH Advisors and BH Management and directors of the BH Offshore Fund and as a result of certain relationships among the Black Horse Funds and their affiliates, may be deemed to be the beneficial owners of the 5,899,301 shares of Common Stock held directly by the Funds and Mr. Sheehy, constituting 6.2% of the shares of Common Stock outstanding.

(iii) The Mellon HBV Reporting Persons beneficially owns 7,907,610 shares of Common Stock, representing 8.4% of the outstanding shares of Common Stock.

(iv) The D.E. Shaw Reporting Persons beneficially own 6,813,000 shares of Common Stock, representing 7.2% of the outstanding shares of Common Stock.

The Reporting Persons may be deemed to be members of a "group" within the

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meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Act"). As such, the group may be deemed to beneficially own (as that term is defined in Rule 13d-3 under the Act) all of the shares of Common Stock beneficially owned by the other Reporting Persons. Collectively, the Reporting Persons beneficially own 23,149,911, representing 24.5% of all the issued and outstanding shares of Common Stock.

(b). (i) Mr. Sheehy who has the sole power to vote or direct the vote or to dispose or direct the disposition of the 58,600 shares of Common Stock and the 840 shares of Preferred Stock that he owns directly. The Black Horse Reporting Persons have the shared power to vote or direct the vote or to dispose or direct the disposition of the remaining 5,221,581 shares of Common Stock and 185,082 shares of Preferred Stock owned by the Black Horse Funds.

(ii) Mellon Adviser has the sole power to vote or direct the vote or to dispose or direct the disposition of the 7,907,610 share of Common Stock that is owned by the Mellon HBV Reporting Persons.

(iii) The Esopus Reporting Persons share the power to vote and to direct the vote and the power to dispose and to direct the disposition of the 2,530,000 shares of Common Stock held by Esopus Fund.

(iv) The D.E. Shaw Reporting Persons share the power to vote and to direct the vote and the power to dispose and to direct the disposition of the 6,813,000 shares of Common Stock beneficially owned by the D.E. Shaw Reporting Persons.

DESCO LP, as Laminar's investment adviser, and DESCO LLC, as Laminar's managing member, may be deemed to have the shared power to vote or direct the vote of (and the shared power to dispose or direct the disposition of) the 6,813,000 shares of Common Stock beneficially owned by the D. E. Shaw Reporting Persons. As managing member of DESCO LLC, DESCO II, Inc. may be deemed to have the shared power to vote or to direct the vote of (and the shared power to dispose or direct the disposition of) the 6,813,000 shares of Common Stock beneficially owned by the D. E. Shaw Reporting Persons. As general partner of DESCO LP, DESCO, Inc. may be deemed to have the shared power to vote or to direct the vote of (and the shared power to dispose or direct the disposition of) the 6,813,000 shares of Common Stock beneficially owned by the D. E. Shaw Reporting Persons. None of DESCO LP, DESCO LLC, DESCO, Inc., or DESCO II, Inc., owns any shares of Common Stock of the Issuer directly and each such entity disclaims beneficial ownership of the 6,813,000 shares of Common Stock beneficially owned by the D. E. Shaw Reporting Persons. In addition, DESCO LP, DESCO LLC, DESCO, Inc., and DESCO II, Inc. each disclaims beneficial ownership of the 23,149,911 shares of Common Stock beneficially owned by the Reporting Persons.

David E. Shaw does not own any shares of Common Stock directly. By virtue of David E. Shaw's position as president and sole shareholder of DESCO, Inc., which is the general partner of DESCO LP, and by virtue of David E. Shaw's position as president and sole shareholder of DESCO II, Inc., which is the managing member of DESCO LLC, David E. Shaw may be deemed to have the shared power to vote or direct the vote of (and the shared power to dispose or direct the disposition of) the 6,813,000 shares of Common Stock owned by the D. E. Shaw Reporting Persons and, therefore, David E. Shaw may be deemed to be the indirect beneficial owner of such shares. David E. Shaw disclaims beneficial ownership of the 6,813,000 shares of Common Stock beneficially owned by the D. E. Shaw Reporting Persons. In addition, David E. Shaw disclaims beneficial ownership of the 23,149,911 shares of Common Stock beneficially owned by the Reporting Persons.

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Notwithstanding items (b)(i) to (b)(iv) of this Item 5, the Reporting Persons have agreed verbally on a non-binding basis to support the Nominees and the Proposals.

(c). A list of the transactions in the Issuer's Common Stock that were effected by the Reporting Persons during the past sixty days is attached as Appendix I.

(d). No person other than the Reporting Persons and the investment funds and accounts under their management is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Shares.

(e). On October 18, 2006, Cadence ceased to be a member of the group of Reporting Persons and no longer reports on this Schedule 13D.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

See Item 4 regarding the verbal, non-binding agreement of the Reporting Persons.

Each of the Black Horse Funds from time to time may enter into and unwind cash settled equity swap or other similar derivative transactions with respect to the shares of Common Stock. These arrangements do not and will not give the Black Horse Reporting Persons voting or investment control over such shares to which these transactions relate and, accordingly, the Black Horse Reporting Persons disclaim beneficial ownership of any such Shares.

Item 7. Material to Be Filed as Exhibits

The following documents are filed as exhibits:

Appendix I: List of the transactions in the Issuer's Common Stock that were effected by the Reporting Persons during the past sixty days.

Appendix II: Joint Filing Agreement.

Appendix III: Executive Officers and Directors of Mellon Advisers, Mellon Fund and BH Offshore Fund.

Appendix IV: Powers of Attorney

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: October 20, 2006

ESOPUS CREEK VALUE LP
By: Esopus Creek Advisors LLC,
as General Partner

By: /s/ Andrew L. Sole

Andrew L. Sole, Managing Member

ESOPUS CREEK ADVISORS LLC

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By: /s/ Andrew L. Sole

Andrew L. Sole, Managing Member

/s/ Andrew L. Sole

Andrew L. Sole

/s/ Joseph S. Criscione

Joseph S. Criscione

CADENCE INVESTMENT MANAGEMENT, LLC

By: /s/ Philip R. Broenniman

Philip R. Broenniman, Managing Member

CADENCE MASTER, LTD.

By: /s/ Philip R. Broenniman

Philip R. Broenniman, Director

/s/ Philip R. Broenniman

Philip R. Broenniman

MELLON HBV ALTERNATIVE STRATEGIES LLC

By: /s/ Michael Hawthorne

Michael Hawthorne, Managing Director

MELLON HBV COMPANY, LTD.

By: /s/ Michael Hawthorne

Michael Hawthorne, Managing Director

D.E. SHAW LAMINAR PORTFOLIOS, L.L.C.
BY: D.E. SHAW & CO., L.L.C.,
as managing member

By:/s/ Julius Gaudio

Name: Julius Gaudio
Title: Managing Director

D.E. SHAW & CO., L.P.

By: /s/ Julius Gaudio

Name: Julius Gaudio
Title: Managing Director

D.E. SHAW & CO., L.L.C.

By: /s/ Julius Gaudio

Name: Julius Gaudio
Title: Managing Director

DAVID E. SHAW

By: /s/ Julius Gaudio

Name: Julius Gaudio
Title: Attorney-in-Fact for David E. Shaw

BLACK HORSE CAPITAL LP

By: Black Horse Capital Management LLC,
As General Partner

By: /s/ Dale Chappell

Dale Chappell, Managing Member

BLACK HORSE CAPITAL (QP) LP

By: Black Horse Capital Management LLC,
As General Partner

By: /s/ Dale Chappell

Dale Chappell, Managing Member

BLACK HORSE CAPITAL OFFSHORE LTD.

By: /s/ Dale Chappell

Dale Chappell, Director

BLACK HORSE CAPITAL MANAGEMENT LLC

By: /s/ Dale Chappell

Dale Chappell, Managing Member

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BLACK HORSE CAPITAL ADVISORS LLC

By: /s/ Dale Chappell

Dale Chappell, Managing Member

/s/ Dale Chappell

Dale Chappell

/s/ Brian Sheehy

Brian Sheehy

APPENDIX I
TRANSACTIONS EFFECTED DURING THE PAST SIXTY DAYS

Transactions Effected by Esopus Creek Value LP

Date of transaction	Amount of securities Bought/(Sold)	Price per share or unit (excluding commissions)	Where and how the transaction was effected
10/02/2006	790,000	\$1.5893	U.S. OTC Market
10/03/2006	590,000	\$1.5946	U.S. OTC Market

Transactions Effected by Mellon HBV Alternative Services LLC

Date of transaction	Amount of securities Bought/(Sold)	Price per share or unit (excluding commissions)	Where and how the transaction was effected
10/02/2006	(12,500)	\$1.5840	U.S. OTC Market
10/02/2006	(31,300)	\$1.5415	U.S. OTC Market
10/03/2006	(40,000)	\$1.6428	U.S. OTC Market
10/03/2006	(145,811)	\$1.6683	U.S. OTC Market

Transactions Effected by D. E. Shaw Laminar Portfolios, L.L.C.

Date of transaction	Amount of securities Bought/(Sold)	Price per share or unit (excluding commissions)	Where and how the transaction was effected
10/03/2006	159,000	\$1.556289	U.S. OTC Market

Transactions of Common Stock Effected by Black Horse Capital LP

Date of transaction	Amount of securities Bought/(Sold)	Price per share or unit (excluding commissions)	Where and how the transaction was effected
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commissions)			

Date of transaction	Amount of securities Bought/(Sold)	Price per share or unit (excluding commissions)	Where and how the transaction was effected
08/22/2006	6,884	\$1.580	*
08/23/2006	6,825	1.593	*
08/25/2006	1,626	1.600	*
10/02/2006	1,951	1.41	*

Transactions of Preferred Stock Effected by Black Horse Capital LP

Date of transaction	Amount of securities Bought/(Sold)	Price per share or unit (excluding commissions)	Where and how the transaction was effected
08/10/2006	651	\$41.00	*
08/15/2006	651	41.00	*
08/16/2006	651	41.00	*
08/22/2006	4,031	41.00	*
10/02/2006	1,496	61.00	*

Transactions of Common Stock Effected by Black Horse Capital (QP) LP

Date of transaction	Amount of securities Bought/(Sold)	Price per share or unit (excluding commissions)	Where and how the transaction was effected
08/22/2006	2,057	\$1.580	*
08/23/2006	2,040	1.593	*
08/25/2006	485	1.600	*
10/02/2006	582	1.410	*

Transactions of Preferred Stock Effected by Black Horse Capital (QP) LP

Date of transaction	Amount of securities Bought/(Sold)	Price per share or unit (excluding commissions)	Where and how the transaction was effected
08/10/2006	194	\$41.00	*
08/15/2006	194	41.00	*
08/16/2006	194	41.00	*
08/22/2006	1,204	41.00	*
10/02/2006	446	61.00	*

Transactions of Common Stock Effected by Black Horse Capital Offshore Ltd.

Date of transaction	Amount of securities Bought/(Sold)	Price per share or unit (excluding commissions)	Where and how the transaction was effected
08/22/2006	1,649	\$1.580	*
08/23/2006	1,635	1.593	*
08/25/2006	389	1.600	*
10/02/2006	467	1.410	*

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Transactions of Preferred Stock Effected by Black Horse Capital Offshore Ltd.

Date of transaction	Amount of securities Bought/(Sold)	Price per share or unit (excluding commissions)	Where and how the transaction was effected
08/10/2006	155	\$41.00	*
08/15/2006	155	41.00	*
08/16/2006	155	41.00	*
08/22/2006	965	41.00	*
10/02/2006	358	61.00	*

* All purchases/sales were effected through open market or privately negotiated transactions.

APPENDIX II
JOINT FILING AGREEMENT

The undersigned hereby agree that the statement on Schedule 13D with respect to the common stock of Metromedia International Group, Inc. dated as of October 20, 2006 is, and any further amendments thereto signed by each of the undersigned shall be, filed on behalf of each of the undersigned pursuant to and in accordance with the provisions of Rule 13d-1(k) (1) under the Securities Exchange Act of 1934, as amended.

Dated: October 20, 2006

ESOPUS CREEK VALUE LP
By: Esopus Creek Advisors LLC,
as General Partner

By: /s/ Andrew L. Sole

Andrew L. Sole, Managing Member

ESOPUS CREEK ADVISORS LLC

By: /s/ Andrew L. Sole

Andrew L. Sole, Managing Member

/s/ Andrew L. Sole

Andrew L. Sole

/s/ Joseph S. Criscione

Joseph S. Criscione

MELLON HBV ALTERNATIVE STRATEGIES LLC

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By: /s/ Michael Hawthorne

Michael Hawthorne, Managing Director

MELLON HBV COMPANY, LTD.

By: /s/ Michael Hawthorne

Michael Hawthorne, Managing Director

D.E. SHAW LAMINAR PORTFOLIOS, L.L.C.

BY: D.E. SHAW & CO., L.L.C.,
as managing member

By:/s/ Julius Gaudio

Name: Julius Gaudio
Title: Managing Director

D.E. SHAW & CO., L.P.

By: /s/ Julius Gaudio

Name: Julius Gaudio
Title: Managing Director

D.E. SHAW & CO., L.L.C.

By: /s/ Julius Gaudio

Name: Julius Gaudio
Title: Managing Director

DAVID E. SHAW

By: /s/ Julius Gaudio

Name: Julius Gaudio
Title: Attorney-in-Fact for David E. Shaw

BLACK HORSE CAPITAL LP

By: Black Horse Capital Management LLC,
As General Partner

By: /s/ Dale Chappell

Dale Chappell, Managing Member

BLACK HORSE CAPITAL (QP) LP

By: Black Horse Capital Management LLC,
As General Partner

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By: /s/ Dale Chappell

Dale Chappell, Managing Member

BLACK HORSE CAPITAL OFFSHORE LTD.

By: /s/ Dale Chappell

Dale Chappell, Director

BLACK HORSE CAPITAL MANAGEMENT LLC

By: /s/ Dale Chappell

Dale Chappell, Managing Member

BLACK HORSE CAPITAL ADVISORS LLC

By: /s/ Dale Chappell

Dale Chappell, Managing Member

/s/ Dale Chappell

Dale Chappell

/s/ Brian Sheehy

Brian Sheehy

APPENDIX III

Mellon HBV Alternative Strategies LLC

The following table sets forth the name, title, principal occupation and citizenship of each of the executive officers of Mellon HBV Alternative Strategies LLC. In each case, the principal occupation is represented by the person's title.

Executive Officers

Name	Title	Citizenship
William F. Harley III	President, Chief Executive Officer and Chief Investment Officer	United States
Patrick Brennan	Chief Administrative Officer	United States
William Yip	Chief Financial Officer, Treasurer and Secretary	United States

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Douglas Squasoni	Assistant Secretary	United States
Janice Hayles	Chief Compliance Officer	United States

Directors

The following table sets forth the name, mailing address (business or residence), present principal occupation or employment and citizenship of each of the directors of HBV Alternative Strategies LLC.

Name	Principal Occupation	Address	Citizenship
Philip Maisano	Chairman of the Mellon HBV Alternative Strategies LLC Board of Directors and head of Alternative Investments for Mellon Asset Management	c/o Mellon HBV Alternative Strategies LLC 200 Park Avenue, 54th floor New York, New York 10166	United States
William F. Harley III	President, Chief Executive Officer and Chief Investment Officer of Mellon HBV Alternative Strategies LLC and HBV Company, Ltd.	c/o Mellon HBV Alternative Strategies LLC 200 Park Avenue, 54th floor New York, New York 10166	United States

Name	Principal Occupation	Address	Citizenship
Patrick Brennan	Chief Administrative Officer of Mellon HBV Alternative Strategies LLC and HBV Company, Ltd.	c/o Mellon HBV Alternative Strategies LLC 200 Park Avenue, 54th floor New York, New York 10166	United States
Scott Wennerholm	Chief Operating Officer of Mellon Asset Management	c/o Mellon HBV Alternative Strategies LLC 200 Park Avenue, 54th floor New York, New York 10166	United States
John Nagorniak	Retired.	c/o Mellon HBV Alternative Strategies LLC 200 Park Avenue, 54th floor New York, New York 10166	United States

Mellon HBV Company, Ltd.

The following table sets forth the name, title, principal occupation and citizenship of each of the executive officers of Mellon HBV Company, Ltd. In

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each case, the principal occupation is represented by the person's title.

Executive Officers		
Name	Title	Citizenship
William F. Harley III	President, Chief Executive Officer and Chief Investment Officer	United States
Patrick Brennan	Chief Administrative Officer	United States
William Yip	Chief Financial Officer, Treasurer and Secretary	United States
Douglas Squasoni	Assistant Secretary	United States

Directors

The following table sets forth the name, mailing address (business or residence), present principal occupation or employment and citizenship of each of the directors of Mellon HBV Company, Ltd.

Name	Principal Occupation	Address	Citizenship
Philip Maisano	Chairman of the Mellon HBV Alternative Strategies LLC Board of Directors and head of Alternative Investments for Mellon Asset Management	c/o Mellon HBV Alternative Strategies LLC 200 Park Avenue, 54th floor New York, New York 10166	United States
William F. Harley III	President, Chief Executive Officer and Chief Investment Officer of Mellon HBV Alternative Strategies LLC and HBV Company, Ltd.	c/o Mellon HBV Alternative Strategies LLC 200 Park Avenue, 54th floor New York, New York 10166	United States
Patrick Brennan	Chief Administrative Officer of Mellon HBV Alternative Strategies LLC and HBV Company, Ltd.	c/o Mellon HBV Alternative Strategies LLC 200 Park Avenue, 54th floor New York, New York 10166	United States
Scott Wennerholm	Chief Operating Officer of Mellon Asset Management	c/o Mellon HBV Alternative Strategies LLC 200 Park Avenue, 54th floor New York, New York 10166	United States
John Nagorniak	Retired.	c/o Mellon HBV Alternative Strategies LLC 200 Park Avenue, 54th floor	United States

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New York, New York
10166

DIRECTORS AND EXECUTIVE OFFICERS OF BLACK HORSE CAPITAL OFFSHORE LTD.

1. Jim Matheson (Director)
Flagship Ventures
One Memorial Drive, 7th Floor
Cambridge, Massachusetts 02142

Jim Matheson is a General Partner with Flagship Ventures in Cambridge, Massachusetts. Flagship Ventures is a leading early-stage venture capital firm with over \$800M in capital under management.

2. Dale Chappell (Director - See Item 2)
3. Brian Sheehy (Director - See Item 2)

The BH Offshore Fund has no executive officers.

APPENDIX IV

POWER OF ATTORNEY
FOR CERTAIN FILINGS
UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, David E. Shaw, hereby make, constitute and appoint each of:

Anne Dinning,

Julius Gaudio,

Lou Salkind,

Stuart Steckler, and

Eric Wepsic,

acting individually, as my agent and attorney-in-fact, with full power of substitution, for the purpose of, from time to time, executing in my name and/or my capacity as President of D. E. Shaw & Co., Inc. (acting for itself or as the general partner of D. E. Shaw & Co., L. P. and general partner or managing member of other entities, any which in turn may be acting for itself or other entities) all documents, certificates, instruments, statement, other filings, and amendments to the forgoing (collectively, "documents") determined by such person to be necessary or appropriate to comply with ownership or control-person reporting requirements imposed by any United States or non-United States governmental or regulatory authority, including without limitation Forms 3, 4, 5, 13D, 13F, and 13G required to be filed with the Securities and Exchange Commission; and delivering, furnishing or filing any such documents with the appropriate governmental or regulatory authority. Any such determination shall be conclusively evidenced by such person's execution, delivery, furnishing, and/or filing of the applicable document.

This power of attorney shall be valid from the date hereof and replaces the

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power granted on February 5, 2001, which is hereby cancelled.

IN WITNESS HEREOF, I have executed this instrument as of the date set forth below.

Date: February 24, 2004

DAVID E. SHAW, as President of
D. E. Shaw & Co., Inc.
/s/David E. Shaw
New York, New York

POWER OF ATTORNEY
FOR CERTAIN FILINGS
UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, David E. Shaw, hereby make, constitute and appoint each of:

Anne Dinning,

Julius Gaudio,

Lou Salkind,

Stuart Steckler, and

Eric Wepsic,

acting individually, as my agent and attorney-in-fact, with full power of substitution, for the purpose of, from time to time, executing in my name and/or my capacity as President of D. E. Shaw & Co. II, Inc. (acting for itself and as the managing member of D. E. Shaw & Co., L.L.C., which in turn may be acting for itself or as the managing member of other companies) all documents, certificates, instruments, statement, other filings and amendments to the forgoing (collectively, "documents") determined by such person to be necessary or appropriate to comply with ownership or control-person reporting requirements imposed by any United States or non-United States governmental or regulatory authority, including without limitation Forms 3, 4, 5, 13D, 13F and 13G required to be filed with the Securities and Exchange Commission; and delivering, furnishing or filing any such documents with the appropriate governmental or regulatory authority. Any such determination shall be conclusively evidenced by such person's execution and delivery, furnishing or filing of the applicable document.

This power of attorney shall be valid from the date hereof and replaces the power granted on February 5, 2001, which is hereby cancelled.

IN WITNESS HEREOF, I have executed this instrument as of the date set forth below.

Date: February 24, 2004

DAVID E. SHAW, as President of
D. E. Shaw & Co. II, Inc.
/s/David E. Shaw
New York, New York

enter>**DESCRIPTION OF SECURITIES**

The Company is authorized to issue 100,000,000 common shares, without par value, of which 52,992,051 are issued and outstanding as at the date of this Prospectus. There are options outstanding to purchase up to 1,997,505 common shares at prices ranging from US\$3.42 to US\$9.02 and warrants outstanding to purchase up to 4,354,697 common shares at prices ranging from US\$3.52 to US\$9.02. Pursuant to the terms of the Debentures, each US\$1,000 principal amount of Debentures are convertible into 104.4932 common shares (subject to adjustment in certain events), representing a conversion price of US\$9.57. Holders of common shares are entitled to one vote per common share at all meetings of shareholders, to receive dividends as and when declared by the directors of the Company and to receive a *pro rata* share of the assets of the Company available for distribution to the shareholders in the event of the liquidation, dissolution or winding-up of the Company. There are no pre-emptive, conversion or redemption rights attached to the common shares of the Company.

PLAN OF DISTRIBUTION

The Company may offer and sell the Shares to or through underwriters or dealers and also may offer and sell Shares to one or more other purchasers directly or through agents. Each Prospectus Supplement will set forth the terms of the offering, including the name or names of any underwriters, dealers or agents, the number and the price or prices of the Shares offered (or the manner of determination thereof if offered on a non-fixed price basis), the proceeds to the Company from the issue or sale of the Shares offered, the underwriting discounts or commissions, and any other fees, commissions or concessions to be allowed or re-allowed to dealers.

The Shares offered pursuant to any Prospectus Supplement may be sold from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices, or at other negotiated prices. The Company may only offer and sell Shares under this Prospectus during the 25-month period from the date of this Prospectus.

Any underwriters, dealers or agents who participate in the distribution of Shares may be entitled under agreements to be entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under Canadian and United States securities legislation, or to contribution with respect to

payments which such underwriters, dealers or agents may be required to make in respect thereof. Such underwriters, dealers or agents may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

In connection with any offering of Shares, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Shares offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

CHANGES TO CONSOLIDATED CAPITALIZATION

Since December 31, 2002, the following changes have occurred to the share and loan capital of the Company, on a consolidated basis:

- on February 20, 2003, the Company completed the acquisition of Corner Bay by issuing 7,636,659 common shares of the Company and 3,818,330 Warrants (having an exercise price of Cdn\$12.00 per common share for a five-year period ending February 20, 2008). The Company also granted 553,846 stock options to purchase

common shares of the Company (having exercise prices of between Cdn\$4.55 and Cdn\$12.00 and having exercise periods of between one and five years from the date of grant) in consideration for the termination of 960,000 fully vested stock options held by employees and shareholders of Corner Bay;

- the Company issued 1,997,505 common shares of the Company pursuant to the exercise of stock options;
- the Company issued 100,742 common shares of the Company pursuant to the exercise of warrants;
- the Company reduced its \$5.15 million loan on the Huaron property from Banco de Credito del Peru by \$1,489,583 to \$3,656,249. The Huaron loan bears interest at six-month LIBOR plus 3% and is repayable at the rate of \$135,417 per month;
- Pan American drew down \$9,500,00 and cancelled \$500,000 of its \$10,000,000 La Colorada project loan facility with International Finance Corporation (IFC). The IFC loan bears interest at six-month LIBOR plus 3.50% until certain technical and financial tests are achieved and six-month LIBOR plus 3.25% thereafter. The IFC loan is repayable in semi-annual instalments of \$1,000,000 commencing November 15, 2004. In addition to the interest payments on the outstanding balance of the IFC loan, Pan American will be required to make additional payments to IFC by May 15 of each year if the average price of silver for the preceding calendar year exceeded \$4.75 per ounce. Such payment would be equal to 20% of the positive difference between the average price per ounce of silver for a year and \$4.75 multiplied by the number of ounces of silver produced by the La Colorada mine divided by \$9,500,000 and multiplied by the greater of the loan balance at the end of the year or the originally scheduled loan balance at the end of a year;
- on July 30, 2003, the Company issued US\$75,000,000 principal amount of Debentures and on August 8, 2003, the Company issued an additional US\$11,250,000 principal amount of Debentures. Each US\$1,000 principal amount of Debentures is convertible into 104.4932 common shares of the Company (subject to adjustment in certain events) at the option of the holder at any time prior to the earlier of the close of business on July 31, 2009 and the last business day immediately preceding any date fixed for redemption, representing a conversion price of US\$9.57. To date, no Debentures have been converted into common shares. Pursuant to the terms of the indenture governing the Debentures, on or after July 31, 2005, the Debentures may be redeemed in whole or in part by the Company, at its option on not more than 60 and not less than 30 days prior notice and subject to regulatory approval, at a price equal to par, plus accrued and unpaid interest, if any, provided that the weighted average trading price of the common shares of the Company on NASDAQ for the 20 consecutive trading days

ending five trading days preceding the date of the redemption notice equals at least 125% of the conversion price. On redemption or upon maturity, provided that no default or event of default has occurred and is continuing under the indenture governing the Debentures, the Company may, at its option, on not more than 60 and not less than 30 days prior notice and subject to regulatory approval, elect to satisfy its obligation to repay the principal amount of the Debentures by issuing and delivering that number of freely tradable common shares of the Company obtained by dividing the principal amount of the outstanding Debentures which are to be redeemed or have matured, as the case may be, by 95% of the weighted average trading price of the Company's common shares on NASDAQ for the 20 consecutive trading days ending five trading days preceding the date fixed for redemption or maturity, as the case may be. In addition, the interest payable on the Debentures may, at the Company's election, be payable by the application of the proceeds of the sale of the Company's common shares. The value of the Debentures is comprised of a \$35,357,000 fair value of the Debentures, \$23,049,000 fair value of the future interest payments and \$27,844,000 fair value ascribed to the holder's option to convert the principal balance into common shares. These components have been measured at their respective fair values on the date the Debentures were issued. The \$23,049,000 fair value of the future interest payments on the Debentures has been classified in the Company's financial statements as a liability and the \$63,201,000 fair value of the Debentures and the conversion option have been classified as equity. Over the six-year term of the Debentures, the carrying value of the Debentures is accreted to their face value and the fair value of the future interest payments is amortized. The periodic accretion is charged to deficit. For the three months ended September 30, 2003, the Company recorded accretion totalling \$975,000 for the

accretion of the conversion option amounting to \$773,000 and interest amortization of \$202,000. As at September 30, 2003, the Company had accrued \$765,000 of interest of which \$563,000 is reflected in interest and financing costs and \$202,000 is reflected as a reduction in the liability component of the Debentures;

- Pan American has sold forward 10,600 tonnes of zinc. These sales were designated as a hedge and represent sales of 1,700 tonnes per month for each of the months of December 2003 through and including February 2004 at a price of \$836 per tonne, sales of 1,100 tonnes per month for each of the months of March 2004 through and including May 2004 at a price of \$839 per tonne, sales of 600 tonnes per month for the months of June and July 2004 at a price of \$857 per tonne and sales of 200 tonnes per month from August 2004 through and including December 2004 at a price of \$901 per tonne. The difference between the average monthly London zinc cash settlement price and the forward sales price will be credited or charged to Pan American's revenue during the June 2003 through May 2004 period; and
- on December 3, 2003, the Company sold forward 2,075 tonnes of lead. These sales were designated as a hedge and represent sales of 325 tonnes in April 2004 at a price of \$639 per tonne, 875 tonnes in June 2004 at a price of \$632 per tonne and 875 tonnes in December 2004 at a price of \$605 per tonne.

RISK FACTORS

Prospective investors in Shares should consider, in addition to information contained in the Prospectus Supplement relating to that offering or in other documents incorporated by reference herein, the risks described in the Company's Annual Information Form under the heading Narrative Description of the Business - Trends and Uncertainties and in the Company's management's discussion and analysis of financial condition and results of operations that are incorporated by reference herein as at the date of the Prospectus Supplement relating to the particular offering of Shares and the risks noted below.

Peruvian Mine Closure Law

On October 14, 2003, the Peruvian government published Law 28090 Mine Closure Law which establishes provisions relating to mine closure plans. For existing mining operations the law provides that a mine closure plan must be submitted for certification to the Peruvian Ministry of Energy and Mines within six months of the law entering into force. No enabling regulations were published with the law. Therefore, the effect of the law on the Company's Peruvian mining and exploration activities cannot be determined.

The law provides that a mine operator must grant an environmental warranty for the estimated costs associated with its mine closure plan. The law does not establish when such warranties must be in place nor does the law specify the form of the required warranty. However, the law indicates that a warranty may take the form of insurance, cash collateral, a trust agreement or other forms as permitted by the Civil Code of Peru. The Company's Huaron and Quiruvilca mines will submit closure plans as required by the law, but until these plans have been certified and the nature and form of whatever environmental warranty is required have been determined, the impact of this law on the Company's Peruvian mining and exploration activities cannot be determined.

Level of Indebtedness

As of September 30, 2003, the Company had approximately \$35.1 million of consolidated indebtedness. In addition, the terms of the Company's bank agreements and the Indenture governing the Debentures permit the Company and its subsidiaries to incur additional debt.

The Company's substantial debt may have important consequences to shareholders. For instance, it could:

- make it more difficult for the Company to satisfy its financial obligations;
- require the Company to dedicate a substantial portion of any cash flow from operations to the payment of interest and principal due under its debt, which would reduce funds available for other business purposes;
- increase its vulnerability to general adverse economic and industry conditions, including a decrease in the price of silver, zinc or lead;
- limit its flexibility in planning for, or reacting to, changes in its business;
- place it at a competitive disadvantage compared with its competitors that have less debt or greater financial resources; and
- limit its ability to obtain additional financing required to fund working capital or capital expenditures or for other general corporate purposes.

The Company's ability to make payments on its indebtedness and to fund its operations, working capital and capital expenditures, will depend on its ability to generate cash in the future. This is subject to general economic, industry, financial, competitive, legislative, regulatory, and other factors that are beyond the Company's control. In particular, global or regional economic conditions could cause the price of silver to fall and hamper the Company's ability to repay its indebtedness, including the Debentures. The Company's operations may not generate sufficient cash flow or borrowings may not be available in an amount sufficient to enable the Company to pay its indebtedness, or to fund its other cash needs. The Company may need to refinance all or a portion of its indebtedness on or before maturity, but such refinancing may be unavailable to it on commercially reasonable terms, or at all, to meet its obligations or to successfully execute its business strategy.

Acquisitions

An element of the Company's business strategy is to make selected acquisitions. For example, the Company completed the acquisition of Corner Bay Silver Inc. in February 2003. The Company expects to continue to evaluate acquisition opportunities on a regular basis and intends to pursue those opportunities that it believes are in its long-term best interests. The success of the Company's acquisitions will depend upon its ability to effectively manage the operations of entities it acquires and to realize other anticipated benefits. The process of managing acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of management resources. There can be no assurance that the Company will be able to successfully manage the operations of businesses it acquires or that the anticipated benefits of its acquisitions will be realized.

Hedging Activities

From time to time, the Company engages in hedging activities in connection with base metals, such as forward sales contracts and commodity put and call option contracts, to minimize the effect of declines in metal prices on our operating results. While these hedging activities may protect the Company against low metal prices, they may also limit the price the Company can receive on hedged products. As a result, the Company may be prevented from realizing possible revenues in the event that the market price of a metal exceeds the price stated in forward sale or option contracts. As of November 30, 2003, the Company's zinc forward contract position had a negative value of approximately \$1.2 million and its lead forward contract position as at December 3, 2003 had a value of nil. In addition, the Company may experience losses if a counterparty fails to purchase under a contract when the contract price exceeds the spot price of a commodity. The Company's current policy is to not hedge the price of silver and therefore it is fully exposed to declines in silver prices.

Employee Relations

Certain of the Company's employees and the employees of Peruvian mining contractors indirectly employed by the Company are represented by unions. At November 30, 2003, there were 270 employees represented by the Sindicato de Trabajadores de Pan American Silver S.A.C. Mina Quiruvilca (the Quiruvilca Union) and 71 employees represented by the Sindicato de Trabajadores de Shorey y Anexos (the Shorey Union). There are also 17 employees at the Huaron mine who are members of a union committee who have rights pursuant to an agreement dated January 1, 2003. The Company has experienced labour strikes and work stoppages in the past. The labour agreements with the Quiruvilca Union and the Shorey Union expire on January 1, 2004, and ordinary course negotiations to renew the contracts will be ongoing in 2004. There can be no assurance that these contracts will be renewed on terms favourable to the Company, if at all and the Company may experience future work stoppages.

Enforcing Civil Liabilities in the United States

The Company is organized under the laws of the Province of British Columbia, and its principal executive office is located in British Columbia. Many of the Company's directors, controlling persons, officers and the experts named in this prospectus are residents of Canada and a substantial portion of their assets and a majority of the Company's assets are located outside the United States. As a result, it may be difficult for U.S. investors to effect service of process within the United States upon the directors, controlling persons, officers and the experts who are not residents of the United States or to enforce against them judgments of United States courts based upon civil liability under the federal securities laws of the United States. There is doubt as to the enforceability in Canada against the Company or against any of its directors, controlling persons, officers or experts who are not residents of the United States, of original actions or actions for enforcement of judgments of United States courts of liabilities based solely upon the federal securities laws of the United States.

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AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Deloitte & Touche LLP, Four Bentall Centre, 2800 1055 Dunsmuir Street, Vancouver, British Columbia, V7X 1P4.

The transfer agent and registrar for the common shares of the Company is Computershare Trust Company of Canada at its principal offices in Vancouver and Toronto.

EXPERTS

The consolidated financial statements of the Company for the years ended December 31, 2002 and 2001 which are incorporated in this Prospectus by reference have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report, which is incorporated herein by reference, and have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated balance sheets of Corner Bay Silver Inc. as at June 30, 2002 and 2001 and the consolidated statements of operations and deficit and cash flows of Corner Bay Silver Inc. for each of the years in the three-year period ended June 30, 2002 which are included in this Prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent auditors, given on the authority of said firm as experts in accounting and auditing.

LEGAL MATTERS

Certain legal matters relating to the Shares offered pursuant to any Prospectus Supplement will be passed upon for the Company by Borden Ladner Gervais LLP and Skadden, Arps, Slate, Meagher & Flom LLP. As of the date of this Prospectus, the partners and associates of Borden Ladner Gervais LLP, collectively, beneficially own less than 1% of the outstanding common shares of the Company.

DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT

The following documents have been filed with the SEC as part of the Registration Statement of which this Prospectus forms a part: the documents referred to under the heading Documents Incorporated by Reference, the consent of Deloitte & Touche LLP, the consent of PricewaterhouseCoopers LLP and the Power of Attorney.

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Pro Forma Consolidated Statement of Operations for the nine months ended
September 30,
2003 (unaudited)
Notes to the Pro Forma Consolidated Financial Statements

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Unaudited and Audited Consolidated Financial Statements of

CORNER BAY SILVER INC.

- F-2 -

AUDITORS' REPORT

September 6, 2002

To the Directors of

Corner Bay Silver Inc.

We have audited the consolidated balance sheets of Corner Bay Silver Inc. as at June 30, 2002 and 2001 and the consolidated statements of operations and deficit and cash flows for each of the years in the three-year period ended June 30, 2002. 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 and United States generally accepted auditing standards. 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.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2002 and 2001 and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2002 in accordance with Canadian generally accepted accounting principles.

(signed) PRICEWATERHOUSECOOPERS LLP

Chartered Accountants

Toronto, Ontario

COMMENTS BY AUDITORS FOR U.S. READERS ON CANADA-U.S. REPORTING DIFFERENCES

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in note 1 to the consolidated financial statements. Our report to the shareholders dated September 6, 2002 is expressed in accordance with Canadian reporting standards, which do not permit a reference to such events and conditions in the auditors' report when they are adequately disclosed in the financial statements.

(signed) PRICEWATERHOUSECOOPERS LLP

Chartered Accountants

Toronto, Ontario

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CORNER BAY SILVER INC.

CONSOLIDATED BALANCE SHEETS

As at December 31, 2002, June 30, 2002 and 2001

(expressed in Canadian dollars, unless otherwise stated)

December 31

June 30

June 30

2002

2002

2001

(Unaudited)

ASSETS

Current

Cash

\$

4,831,220

\$

5,323,564

\$

4,022,422

Accounts receivable

163,965

197,673

176,912

Prepaid expenses and deposits

2,595

16,887

27,389

4,997,780

5,538,124

4,226,723

Deposits- reclamation bonds

30,000

30,000

30,000

Investments quoted market value of \$nil

(2001 - \$61,933) (note 8)

-

-

43,353

Deferred exploration expenditure (note 3)

8,781,564

7,705,865

4,551,072

Property, plant and equipment (note 4)

3,893,658

3,896,461

96,870

\$

17,703,002

\$

17,170,450

\$

8,948,018

LIABILITIES

Current

Accounts payable and accrued liabilities

\$

1,355,103

\$

316,914

\$

387,963

SHAREHOLDERS' EQUITY

Capital stock (note 5)

25,499,004

24,314,504

14,813,154

Contributed surplus

537,005

537,005

537,005

Deficit

(9,688,110)

(7,997,973)

(6,790,104)

16,347,899

16,853,536

8,560,055

\$

17,703,002

\$

17,170,450

\$

8,948,018

Nature of operations and going concern (note 1)

Commitments (note 10)

APPROVED BY THE BOARD OF DIRECTORS

(signed) JOHN H. WRIGHT, Director

(signed) ROSS J. BEATY, Director

CORNER BAY SILVER INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(expressed in Canadian dollars, unless otherwise stated)

For the six months ended

For the years ended

_____ December 31, _____

_____ June 30, _____

2002

2001

2002

2001

2000

(Unaudited)

(Unaudited)

OTHER INCOME

Interest

\$

61,361

\$

49,739

\$

94,013

\$

127,474

\$

48,611

Other

14,500

73,001

201,831

97,500

64,900

75,861

122,740

295,844

224,974

113,511

OTHER EXPENSES

General and administrative

1,765,998

497,925

1,467,007

798,073

521,338

Amortization

-

9,109

-

25,312

19,251

1,765,998

507,034

1,467,007

823,385

540,589

Gain on disposal of assets

-

-

-

-

(14,465)

Gain on disposal of investments

-

-

(5,805)

-

-					
Writedown of investments					
-					
-					
-					
-					
22,606					
Write-down of property, plant and equipment					
	-	-	42,511	95,833	-
Write-down of deferred exploration expenditure					
-					
-					
-					
373,627					
1,088,239					
<hr/>					
1,765,998					
507,034					
1,503,713					
1,292,845					
1,636,969					
<hr/>					

Loss for the period

(1,690,137)

(384,294)

(1,207,869)

(1,067,871)

(1,523,458)

Deficit, beginning of period

(7,997,973)

(6,790,104)

(6,790,104)

(5,722,233)

(4,198,775)

Deficit, end of period

\$

(9,688,110)

\$

(7,174,398)

\$

(7,997,973)

\$

(6,790,104)

\$

(5,722,233)

Basic and diluted

loss per share

(\$0.09)

(\$0.02)

(\$0.07)

(\$0.08)

(\$0.14)

Weighted average number

of shares outstanding

19,385,808

15,876,053

16,697,807

13,912,182

10,760,945

- F-

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CORNER BAY SILVER INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in Canadian dollars, unless otherwise stated)

For the six months ended

For the years ended

_____ December 31, _____

_____ June 30, _____

2002

2001

2002

2001

2000

(Unaudited)

(Unaudited)

CASH PROVIDED BY (USED IN)

Operating activities

Loss for the period

\$

(1,690,137)

\$

(384,294)

\$

(1,207,869)

\$(1,067,871)

\$ (1,523,458)

Write-off of deferred

exploration expenditure

-

-

-

373,627

1,088,239

Writedown of investments

-

-

-

-

22,606

Amortization

-

9,109

-

25,312

19,251

Write-off of property, plant

and equipment

-

-

42,511

95,833

-

Gain on disposal of

investments

-

-

(5,805)

-

-

Gain on disposal of assets

-

-

-

-

(14,465)

(1,690,137)

(375,185)

(1,171,163)

(573,099)

(407,827)

Net (increase) decrease in non-cash
working capital balances related to
operations (note 11)

1,086,189

(184,805)

(81,308)

82,054

237,610

(603,948)

(559,990)

(1,252,471)

(491,045)

(170,217)

Investing activities

Deferred exploration expenditure
and property, plant and equipment

Expenditures

(1,072,896)

(1,415,279)

(3,147,522)

(1,460,057)

(2,185,566)

Option receipts

-

-

-

5,975

25,000

Proceeds on disposal of assets

-

-

-

-

28,057

Proceeds on disposal of

investments

-

-

49,158

-

73,486

Purchase of assets under construction

-

-

(400,000)

-

-

Purchase of equipment

-

-

(6,873)

-

-

(1,072,896)

(1,415,279)

(3,505,237)

(1,454,082)

(2,059,023)

Financing activities

Issue of common shares

1,184,500

350,849

6,058,850

5,038,397

2,499,391

Increase (decrease) in cash during

the period

(492,344)

(1,624,420)

1,301,142

3,093,270

270,151

Cash, beginning of the period

5,323,564

4,022,422

4,022,422

929,152

659,001

Cash, end of the period

\$

4,831,220

\$

2,398,002

\$

5,323,564

\$

4,022,422

\$

929,152

Supplemental cash flow information (note 11)

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CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

1.

NATURE OF OPERATIONS AND GOING CONCERN

The Company is in the process of exploring its mineral properties and is establishing the amount of ore reserves that are economically recoverable from the Mexico property. The recoverability of amounts shown for these properties and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, the preservation of the Company

's interest in the underlying mineral claims, the ability of the Company to obtain the financing necessary to complete

the development of the properties, and future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis. Changes in future conditions could require material writedowns of the carrying amounts of deferred exploration expenditure.

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). Significant differences from United States accounting principles are disclosed in Note 15.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Corner Bay Resources Inc. and Pan MacKenzie Resources Inc. (including its wholly owned subsidiary Minera Corner Bay S.A. de C.V.).

Deferred exploration expenditure

The deferred exploration expenditure is recorded at cost, net of incidental revenues generated from the particular properties. These net costs are deferred until the properties to which they relate are placed into production, sold or abandoned.

In March 2000, the Accounting Standards Board of the Canadian Institute of Chartered Accountants (CICA) issued Accounting Guideline No. 11 entitled, *Enterprises in the Development Stage* (AcG 11), and subsequently, on March 12, 2002, issued Emerging Issues Committee (EIC) 126 *Accounting by Mining Enterprises for Exploration Costs*. These guidelines address three distinct issues: (i) capitalization of costs/expenditures (ii) impairment and (iii) disclosure. Prior to their issuance, development state entities were exempt from following certain aspects of Canadian generally accepted accounting principles (GAAP). EIC 126 and AcG 11 require that all companies account for transactions based on the underlying characteristics of the transactions rather than the maturity of the enterprise. In addition, EIC 126 and AcG 11 require specific disclosure of information by development stage companies. These

guidelines were effective for financial periods beginning on or after April 1, 2000, which affects the Company's financial years ended on or after June 30, 2001.

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CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

EIC 126 and AcG 11 affect mining companies with respect to the deferral of exploration costs. The appropriate accounting guidance is contained in Section 3061, *Property, Plant and Equipment* of the CICA Handbook which permits, but does not require, exploration costs to be capitalized as part of a mining property, if the Company considers that such costs have the characteristics of property, plant and equipment. Under this view, deferred exploration expenditure would not automatically be subject to regular assessment of recoverability, unless conditions such as those discussed in EIC 126 and AcG 11 exist.

There would need to be an assessment of deferred exploration expenditure. Assessment of the probability of recoverability of deferred exploration expenditure from future operations will require the preparation of a projection based on objective evidence of economic reserves such as a feasibility study.

The status of the Company

's operations is such that, like most mining companies in the exploration stage, it would not be practical to obtain a feasibility study or provide other information that could be used to support capitalization of deferred exploration expenditure under the alternative view.

EIC 126 and AcG 11 did not have a significant impact on the Company

's consolidated financial statements.

Property, plant and equipment

Land and exploration equipment are recorded at cost. Exploration equipment is amortized on a reducing balance basis at various rates from 14% to 33%. Amortization relating to equipment used on the mineral properties is capitalized as part of the deferred exploration expenditure balance.

Assets under construction

Assets under construction consist of equipment to be commissioned at the Mexico property site. The assets will be included as part of the equipment balance once refurbished and transferred to the site. These assets are not being amortized, as they are not currently ready for use.

Financial instruments

The carrying amounts of cash, receivables, prepaid expenses and deposits, accounts payable and accrued liabilities approximate the fair values of those financial instruments due to the short-term maturities of such instruments. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash. The Company places its cash with high credit quality financial institutions.

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CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

Income taxes

The provision for future income taxes is based on the liability method. Future income taxes arise from the recognition of the tax consequences of temporary differences by applying statutory income tax rates applicable to future years to differences between the financial statements

' carrying amounts and the income tax bases of certain assets and liabilities. The Company records a valuation allowance against any portion of those future income tax assets that it believes is not, more likely than not, to be realized.

Stock-based compensation plan

The Company has one stock option plan, which is described in note 5. No compensation expense is recognized for this plan when stock or stock options are issued to employees. Any consideration paid on exercise of stock options or purchase of stock is credited to capital stock.

Effective July 1, 2002, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments. This section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments in exchange for goods and services. The section requires that all stock-based awards made to non-employees be measured and recognized using a fair-value based method. The section encourages a fair-value based method for all awards granted to directors, officers and employees, but only requires the use of a fair value based method for direct awards of stock, stock appreciation rights and awards that call for settlement in cash or other assets.

For stock options granted to directors, officers and employees, the Company has adopted the intrinsic value method of accounting for stock-based compensation. Under this method compensation expense is recognized for the excess, if any, of the quoted market price of the Company

's common shares over the common share option exercise price on the day that options are granted.

Loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares that are included when the conditions necessary for issuance have been met. Diluted earnings per share are calculated in a manner similar to basic earnings per share, except the weighted average number of shares outstanding are increased to include potential common shares from the assumed exercise of options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants and on the as if converted method for convertible securities.

During the year ended June 30, 2001, the Company changed its method of accounting for earnings per share to

comply with the revised standard issued by the CICA Handbook, Section 3500, Earnings per share . There was no difference between the loss per share calculated under the new standard and the amount that would have been calculated using the previous standard.

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CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the reporting period. Actual results could differ from these estimates.

Translation of foreign currencies

As the Company considers all of its foreign operations to be fully integrated, all items denominated in foreign currencies have been translated using the temporal method. Under this method, monetary assets and liabilities and non-monetary items carried at market values are translated at the year and period end exchange rate. Other non-monetary items and revenue and expenses are translated at approximate rates in effect at the dates of the transactions, except depletion and amortization, which are translated at the same rates as the related assets.

3.

MINERAL PROPERTIES

Mexico

Maritimes

Chibougamau

Total

Edgar Filing: METROMEDIA INTERNATIONAL GROUP INC - Form SC 13D/A

Balance June 30, 1999

\$

1,018,492

\$

401,611

\$

1,097,825

\$

2,517,928

Expenditures

	2,114,901	1,411	-	2,116,312	
Option receipts		-	(25,000)	(9,586)	(34,586)
Writedown		-	-	(1,088,239)	
(1,088,239)					

Balance June 30, 2000

3,133,393

\$

378,022

\$

-

\$

3,511,415

Expenditures

1,388,451

1,580

-

1,390,031

Option receipts

-

(5,975)

-

(5,975)

Amortization of equipment capitalized

29,228

-

-

29,228

Writedown

-

(373,627)

-

(373,627)

Balance June 30, 2001

4,551,072

-

-

4,551,072

Expenditures

3,147,522

-

-

3,147,522

Amortization of equipment capitalized

7,271

-

-

7,271

Balance June 30, 2002

7,705,865

-

-

7,705,865

Expenditures (Unaudited)

534,911

-

-

534,911

Purchase of concessions (Unaudited)

537,985

-

-

537,985

Amortization of equipment capitalized (Unaudited)	2,803	-	-
2,803			

Balance December 31, 2002 (Unaudited)

\$

8,781,564

\$

-

\$

-

\$

8,781,564

The Alamo Dorado silver/gold property is located in the northwestern state of Sonora, Mexico. Paved roads connect the state capital of Hermosillo to the town of Alamos, which is 67 kilometers northwest of the Alamo Dorado Project.

The 5,369 hectare property consists of the 504 hectare Alamo Ocho concession held under option by the Company, and the 4,865 hectare Alamo Dorado concession, which is owned 100% by the Company and surrounds the Alamo Ocho concession. The Company can earn a 100% interest in Alamo Ocho by paying US\$800,000 over six years. Payments are made semi-annually, of which US\$441,000 (unaudited) was paid to December 31, 2002 (June 30, 2002, 2001 and 2000 were US\$450,000, \$325,000 and \$nil, respectively).

CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

During the year ended June 30, 2002, the Company incurred \$131,147 (2001 and 2000 - \$nil) in rental payments, and is committed to annual rental payments of \$114,150. During the six-month periods ended December 31, 2002 and 2001, the Company incurred \$35,906 and \$23,491 (unaudited), respectively, in rental payments.

4.

PROPERTY, PLANT AND EQUIPMENT

June 30

June 30

Accumulated

2002

Accumulated

2001

Cost

Amortization

Net

Cost

Amortization

Net

Equipment

\$

66,683

\$

14,722

\$

53,961

\$

129,415

\$

32,545

\$

96,870

Assets under

Construction

3,842,500

-

3,842,500

-

-

-

\$

3,911,183

\$

14,722

\$

3,896,461

\$

129,415

\$

32,545

\$

96,870

December 31

Accumulated

2002

(Unaudited)

Cost

Amortization

Net

Equipment

\$

139,917

\$

88,759

\$

51,158

Assets under

Construction

3,842,500

-

3,842,500

\$

3,982,417

\$

88,759

\$

3,893,658

During the six months ended December 31, 2002, the Company wrote off \$nil (December 31, 2001 - \$nil; years ended June 30, 2002, 2001 and 2000 of \$42,511, \$95,833 and \$nil, respectively) of property, plant and equipment.

During the six months ended December 31, 2002, the Company recorded amortization of \$2,803 (years ended June 30, 2002, 2001 and 2000 of \$7,271, \$29,228 and \$nil, respectively), which were capitalized as deferred exploration expenditure.

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CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

5.

CAPITAL STOCK

Authorized

Unlimited number of common shares, without nominal or par value.

Issued and outstanding common shares

Number of

shares

Net

outstanding

Proceeds

Balance June 30, 1999

9,899,115

\$

7,275,366

Shares issued for cash in private placement

September 21, 1999

596,540

773,976

December 20, 1999

400,000

1,198,435

Warrants exercised for cash during the year

545,454

409,080

Options exercised for cash during the year

393,000

117,900

Balance - June 30, 2000

11,834,109

9,774,757

Shares issued in prospectus offering December 14, 2000

3,666,667

4,978,397

Options exercised for cash

200,000

60,000

Balance - June 30, 2001

15,700,776

14,813,154

Shares issued for cash in private placement February 19, 2002

1,830,000

4,575,000

Warrants exercised for cash

183,333

275,000

Options exercised for cash

612,000

1,208,850

Shares issued for assets under construction

purchased June 18, 2002 (note 11)

850,000

3,442,500

Balance - June 30, 2002

19,176,109

24,314,504

Options exercised for cash (unaudited)

465,000

1,184,500

Balance - December 31, 2002 (unaudited)

19,641,109

\$

25,499,004

On September 21, 1999, the Company completed a private placement of 596,540 shares at a price of \$1.30 per share.

On December 20, 1999, the Company completed a private placement of 400,000 units. Each unit consists of one common share at \$3.00 and one-half common share purchase warrant. Each whole purchase warrant entitles the holder to purchase one additional common share at a price of \$4.00 per common share at anytime until December 20, 2001. Effective December 20, 2001, all options that had not been exercised prior to this date expired.

On December 14, 2000, the Company publicly offered 3,666,667 units. Each unit consisted of one common share at \$1.50 and one-half common share purchase warrant. Each whole purchase warrant entitles the holder to purchase one additional common share at \$2.25 per share at anytime until December 14, 2001. In connection with the December 14, 2000 offering, the underwriters received 183,333 warrants of the Company. Each warrant entitles the underwriter to purchase one common share for \$1.50 at any time until December 14, 2001. Effective December 14, 2001, all warrants that had not been exercised prior to this date expired. Refer to the following warrants table.

On February 19, 2002, the Company completed a private placement of 1,830,000 shares at a price of \$2.50 per share.

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CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

Warrants

Weighted

Number of

average

Warrants

price

Balance June 30, 1999

-

\$

-

Issued December 20, 1999

200,000

4.00

Balance June 30, 2000

200,000

4.00

Issued December 14, 2000

2,016,666

2.18

Balance June 30, 2001

2,216,666

2.34

Expired

(2,033,333)

2.42

Exercised

(183,333)

1.50

Balance June 30, 2002

-

-

Expired

-

-

Exercised

-

-

Balance December 31, 2002 (unaudited)

-

\$

-

Options

On December 15, 1995, the shareholders of the Company approved the amended stock option plan (dated November 1, 1995) (the Plan) which provides for the issuance of 1.0 million stock options under the terms of the Plan. On December 20, 1999 and December 15, 2000, the shareholders approved an amendment to provide for the further issuance of an additional 1.4 and 2.0 million common share options, respectively, under the terms of the Plan.

Under the Plan, the Company provides options to buy common shares of the Company to directors, officers and service providers. The board of directors grants such options for periods of up to ten years at prices not lower than the market price at the date of granting.

No compensation expense is recognized when stock options are issued to employees and directors. All consideration paid by employees from the exercise of stock options or purchase of stock is credited to capital stock.

Compensation expense is recorded when stock options are issued to non-employees and is recognized over the vesting period of the options. Compensation expense is determined as the fair value of the options at the date of grant using an option-pricing model. During the six months ended December 31, 2002 and year ended June 30, 2002, no stock options were issued to non-employees.

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CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

As at June 30, 2002, the Company had outstanding and exercisable stock options as follows:

Exercise

Expiry

Price

Date

500,000

\$2.65

12/20/02

660,000

3.00

06/30/03

380,000

1.75

10/02/04

40,000

1.80

12/12/04

60,000

\$3.00

02/28/05

As at June 30, 2002, the Company had outstanding and exercisable stock options as follows:

2002

2001

2000

Number

Weighted

Number

Weighted

Number

Weighted

of

average

of

average

of

average

options

price

options

price

options

price

Outstanding

- Beginning of year

1,607,000

\$2.60

1,707,000

\$2.38

700,000

\$0.30

Granted	645,000	1.95	100,000	1.70	1,400,000
2.84					
Exercised	(612,000)	1.98	(200,000)	0.30	
(393,000)					
0.30					

Outstanding

- End of year

1,640,000

\$2.57

1,607,000

\$2.60

1,707,000

\$2.38

As at December 31, 2002, the Company had outstanding and exercisable stock options as follows:

December 31, 2002

Number

Weighted

of

average

Options

price

Outstanding Beginning of period

1,640,000

\$2.57

Exercised (unaudited)

(465,000)

2.55

Outstanding End of period (unaudited)

1,175,000

\$2.59

6.

INCOME TAXES

As at December 31, 2002, the Company has non-capital loss carry-forwards of approximately \$4,200,000, unaudited, (June 30, 2002 - \$2,500,000) available to reduce future taxable income. These losses will expire between 2003 and 2009. In addition, the Company has \$7,300,000 in unclaimed exploration and development expenses in Canada. No recognition is given in these consolidated financial statements to any potential benefit from the utilization of these non-capital losses or unclaimed exploration and development expenses.

CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

7.

RELATED PARTY TRANSACTIONS

Certain geological, consulting and corporate services were provided to the Company and its subsidiaries by seven directors and/or officers, and/or companies controlled by directors and/or officers. The cost of such services (including salaries) for the six months ended December 31, 2002 was \$nil, unaudited, (years ended June 30, 2002, 2001 and 2000 were \$680,213, \$354,989 and \$230,279, respectively). The services provided were at rates similar to those charged to non-related parties.

The Company, as prime tenant of share corporate offices with the above-mentioned related party companies, charge rent of \$nil for the six months ended December 31, 2002 (years ended June 30, 2002, 2001 and 2000 were \$6,000, \$51,400 and \$46,800, respectively) and had overhead recoveries of \$nil for the six months ended December 31, 2002 (years ended June 30, 2002, 2001 and 2000 were \$7,500, \$97,575 and \$71,913, respectively).

8.

INVESTMENT

As at December 31, 2002, the Company held nil (unaudited) (June 30, 2002, 2001 and 2000 nil, 309,665 and 309,665, respectively) shares of MSV Resources Inc. The investment was disposed of during the year ended June 30, 2002.

9.

SEGMENT INFORMATION

Working capital balances are retained in Canada and principal property balances are located as described in note 3.

10.

COMMITMENTS

The Company leases office space under leases expiring November 30, 2004. Future minimum lease payments are as follows:

Year ended June 30

2003

\$

69,660

2004

69,660

2005

29,025

\$

168,345

11.

SUPPLEMENTAL CASH FLOW INFORMATION

During the six months ended December 31, 2002 and 2001 and the years ended June 30, 2002, 2001 and 2000, the Company paid no income taxes or interest.

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CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

Net (increase) decrease in non-cash working capital balances related to operations:

Six months ended

December 31,

Years ended June 30,

2002

2001

2002

2001

2000

(Unaudited) (Unaudited)

Receivables

\$

33,708

\$

(150,298)

\$

(20,761)

\$

(17,438)

\$

32,625

Prepaid expenses and deposits

14,292

18,147

10,502

(1,452)

(21,502)

Accounts payable and accrued liabilities

1,038,187

(52,654)

(71,049)

100,944

226,487

\$
1,086,189
\$
(184,805)
\$
(81,308)
\$
82,054
\$
237,610

On June 18, 2002, assets under construction were acquired for \$3,442,500, through issuance of common shares (note 4). The purchase price was based on the value of the common shares.

12.

ACQUISITION OF COMPANY BY PAN AMERICAN SILVER CORP.

On May 21, 2002, the Company and Pan American Silver Corp. (Pan American) announced a proposed plan of arrangement whereby Pan American would acquire all of the issued and outstanding shares of the Company. On June 28, 2002, both companies announced amended terms to the proposed plan of arrangement. The amended proposal for a plan of arrangement is subject to approval of the shareholders of the Company and Pan American and approval by the Ontario Superior Court of Justice and various regulatory authorities. The shareholders of the Company and Pan American approved the plan of arrangement on September 4 and 5, 2002, respectively. If remaining approvals are obtained and all material covenants are satisfied in a timely fashion, the plan of arrangement would become effective in September 2002.

Under the terms of the amended plan of arrangement, each Corner Bay Silver Inc. common share would be exchanged for 0.3846 of a Pan American common share and 0.1923 of a Pan American common share purchase warrant. Each whole Pan American common share purchase warrant (the Pan American Warrant) provides the holder with the rights to purchase a Pan American common share at CAN\$12 for a five-year period after the effective date of the plan of arrangement (Plan of Arrangement). The Pan American Warrants will trade on the Toronto Stock Exchange.

1

3.

SUBSEQUENT EVENT

In July 2002, the principal mineral concession, which hosts the Alamo Dorado concession, was purchased outright from the concession owners by paying the remaining option payments in a final lump sum payment of US\$345,000 (US\$300,000 plus Impuesto Al Valor Agregado (IVA) taxes).

SUBSEQUENT EVENT (UNAUDITED)

The Company received regulatory approval on the plan on arrangement and on February 20, 2003 the Company and Pan American Silver Corp. completed the Plan of Arrangement.

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CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

14.

COMPARATIVES

Certain prior years

' comparative numbers have been restated to reflect the current year's presentation.

15.

DIFFERENCE BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Canadian GAAP varies in certain significant respects from the principles and practices generally accepted in the United States (U.S. GAAP). The effect of these principal measurement differences on the Company

's consolidated financial statements are quantified below and described in the accompanying notes.

Consolidated statement of operations

Six months ended

December 31,

Years ended June 30,

2002

2001

2002

2001

2000

(Unaudited) (Unaudited)

Loss for the period reported under

Canadian GAAP

\$

(1,690,137)

\$

(384,294)

\$

(1,207,869)

\$

(1,067,871)

\$

(1,523,458)

Exploration expenses adjustment

(537,714)

(1,415,279)

(3,154,793)

(1,039,657)

(993,487)

Loss for the period reported under

U.S. GAAP

\$

(2,227,851)

\$

(1,799,573)

\$

(4,362,662)

\$

(2,107,528)

\$

(2,516,945)

a)

In accordance with U.S. GAAP, the Company would be required to charge all costs of deferred exploration expenditures to earnings as operating expenses as incurred until proven economic reserves are established. As a result of accounting for these expenditures in this manner, the unaudited loss for the six months ended December 31, 2002 and 2001 would be increased by \$537,714 and \$1,415,279, respectively, and loss for the years ended June 30, 2002, 2001 and 2000 would be increased by \$3,154,793, \$1,039,657 and \$993,487, respectively.

b)

The Company accounts for its share options using the intrinsic value method, which in the Company

's circumstances amounts does not result in different from the amounts that would be determined under the provisions of the Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, (APB 25) and related interpretations. Accordingly, no compensation expense for its share option plan has been recognized or recorded in the consolidated statement of operations and deficit for any of the years presented. A company that does not adopt the fair value method must disclose the cost of the stock compensation awards at their fair value at the date the award is granted. The unaudited value of the Company's options that were granted during six months ended December 31, 2002 was \$nil (2001 - \$17,846) (three years ended June 30, 2002 were \$447,952, \$37,605 and \$878,747, respectively). The fair value for 2002 was estimated using the Black-Scholes model with assumptions of a three-year expected term volatility ranging from 50% to 56% and interest rates from 3.75% to 4.04%. The fair value for 2001 and 2000 was estimated using the Black-Scholes model with assumptions of a two-year expected term, 60% volatility and interest rates ranging from 6.0% to 6.5%.

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CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

Basic loss per share

Six months ended

December 31,

Years ended June 30,

2002

2001

2002

2001

2000

(Unaudited)

(Unaudited)

Loss for the period under

U.S. GAAP

\$

(2,227,851)

\$

(1,799,573)

\$

(4,362,662)

\$

(2,107,528)

\$

(2,516,945)

Weighted average number of

Common shares outstanding

19,385,808

15,876,053

16,697,807

13,912,182

10,760,945

Loss per share under U.S. GAAP

(\$0.11)

(\$0.11)

(\$0.26)

(\$0.15)

(\$0.23)

Consolidated statements of comprehensive loss

Six months ended

December 31,

Years ended June 30,

2002

2001

2002

2001

2000

(Unaudited)

(Unaudited)

Loss for the period under

U.S. GAAP

\$

(2,227,851)

\$

(1,799,573)

\$

(4,362,662)

\$

(2,107,528)

\$

(2,516,945)

Other comprehensive earnings, net

of income taxes

Unrealized gain on marketable

securities

-

-

-

18,580

9,290

Realized (gain) loss on sale of

marketable securities

-

-

(18,580)

-

33,948

Writedown to fair value

-

-

-

-

22,606

Comprehensive loss for the period

\$
(2,227,851)
\$
(1,799,573)
\$
(4,381,242)
\$
(2,088,948)
\$
(2,451,101)

The consolidated statements of comprehensive loss provide a measure of all changes in equity of the Company that result from transactions, other than those with shareholders, and other economic events that occurred during the period.

Under U.S. GAAP, the Company's holding of marketable securities with quoted market values that would be marked to market with the resulting unrealized gain or loss being taken to the consolidated statement of comprehensive loss in the relevant period.

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CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

Consolidated statement of cash flows

Six months ended

December 31,

Years ended June 30,

2002

2001

2002

2001

2000

(Unaudited)

(Unaudited)

Operating activities

\$

(1,138,859)

\$

(1,975,269)

\$

(4,399,993)

\$

(1,900,413)

\$

(2,258,579)

Investing activities

(537,985)

-

(357,715)

(44,714)

29,339

Financing activities

1,184,500

350,849

6,058,850

5,038,397

2,499,391

Increase (decrease) in cash and cash

equivalent during the period

(492,344)

(1,624,420)

1,301,142

3,093,270

270,151

Opening cash and cash equivalents

5,323,564

4,022,422

4,022,422

929,152

659,001

Closing cash and cash equivalents

\$

4,831,220

\$

2,398,002

\$

5,323,564

\$

4,022,422

\$

929,152

Consolidated balance sheets

December 31

____ June 30,

2002

2002

2001

(Unaudited)

Investments under Canadian GAAP

\$

-

\$

-

\$

43,353

Unrealized gain on marketable securities

-

-

18,580

Investments under US GAAP

\$

-

\$

-

\$

61,933

Deferred exploration expenditure under

Canadian GAAP

\$

8,781,564

\$

7,705,865

\$

4,551,072

Deferred exploration expenditure

(8,243,579)

(7,705,865)

(4,551,072)

Deferred exploration expenditure under

U.S. GAAP

\$

537,985

\$

-

\$

-

Deficit under Canadian GAAP

\$

(9,688,110)

\$

(7,997,973)

\$

(6,790,104)

Exploration expenditures

(8,243,579)

(7,705,865)

(4,551,072)

Deficit under U.S. GAAP

\$

(17,931,689)

\$

(15,703,838)

\$

(11,341,176)

Cumulative comprehensive other income

under Canadian GAAP

\$

-

\$

-

\$

-

Unrealized gain (loss) on marketable securities

-

-

18,580

Cumulative comprehensive other income

under U.S. GAAP

\$

-

\$

-

\$

18,580

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CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

New standards for U.S. GAAP

In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 142, *Goodwill and Other Intangible Assets*. This new standard features new accounting rules for goodwill and intangible assets. The Company does not foresee any impact on a cumulative effect of an accounting change or on the carrying value of assets and liabilities recorded in the consolidated balance sheets upon adoption. SFAS No. 142 will be adopted on July 1, 2002.

Also issued in June 2001 was SFAS No. 143, *Accounting for Asset Retirement Obligations*. This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of a fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The Company is analyzing the impact of SFAS No. 143 and will adopt this standard on July 1, 2002.

In August 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-lived Assets*. This statement supersedes SFAS No. 121 and the accounting and reporting provisions of APB 30, and also amends ARB 51. This statement will require one accounting model be used for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired, and will broaden the presentation of discontinued operations to include more disposal transactions. The Company is analyzing the impact of SFAS No. 144 and will adopt this standard on July 1, 2002.

Effective July 1, 2002, the Company will adopt, for United States reporting purposes, SFAS No. 145, *Rescission of FASB Statements No. 4, 44 and 64, Amendments of SFAS No. 13, and Technical Corrections as of April 2002*. This statement rescinds SFAS No. 4, *Reporting Gains and Losses from Extinguishment of Debt*, and an amendment of that statement, SFAS No. 64, *Extinguishment of Debt Made to Satisfy Sinking-Fund Requirements*.

This statement also rescinds SFAS No. 44, *Accounting for Intangible Assets of Motor Carriers*. This statement amends SFAS No. 13, *Accounting for Leases*, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This statement also amends other existing authoritative pronouncements to

make various technical corrections, clarify meanings or describe their applicability under changed conditions. The adoption of the new standard is not currently expected to have a significant impact on the Company

's results of operations or financial position.

New Standards for U.S. GAAP, unaudited to December 31, 2002

The Company adopted the following standards on July 1, 2002:

i)

the adoption of SFAS No. 142, Goodwill and Other Intangible Assets, did not have a material affect on the Company

's consolidated financial position or results of operations.

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CORNER BAY SILVER INC.

Notes to the consolidated financial statements

December 31, 2002 and 2001 (unaudited) and June 30, 2002, 2001 and 2000

(expressed in Canadian dollars)

ii)

the adoption of SFAS No. 143, Accounting for Asset Retirement Obligations, did not have a material impact on the Company

's results of operations or shareholders' equity.

iii)

the adoption of SFAS No. 144, Accounting for the Impairment or Disposal of Long-lived Assets, did not have a material effect on the Company

's consolidated financial position or results of operations.

iv)

the adoption of SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendments of SFAS No. 13, and Technical Corrections as of April 2002, did not have a material effect on the Company

's results of operations or its financial position.

Financial Accounting Standards Board (FASB)

On July 30, 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. Examples of costs covered by the standard include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, plant closing or other exit or disposal activity. SFAS No. 146 is to be applied retroactively to exit or disposal activities initiated after December 31, 2002. The adoption of the new standard is not currently expected to have a significant impact on the Company

's result of operations or financial position.

New Standard for Canadian GAAP

The CICA approved a new Handbook Section 3062, Goodwill and Other Intangible Assets, which require intangible assets with an indefinite life and goodwill to be tested for impairment on annual basis. Goodwill and indefinite life intangible assets will no longer be amortized. Intangible assets with definite lives will continue to be amortized over their useful lives. The new section is consistent with those recently approved by the FASB (SFAS No. 142). The adoption of this new standard is not expected to have any material effect on the Company

's financial position, results of operations or cash flows. Section 3026 was adopted on July 1, 2002 and the Company does not expect this adoption to have a significant impact on the Company's results of operations or financial position.

CORNER BAY SILVER INC.

Supplementary Information about Mineral Property Expenditures

(Unaudited)

Six months end

ed

December 31, ____

Years ended June 30.

2002

2001

2002

2001

2000

Field office expenditures

Depreciation

\$

11,410

\$

938

\$

7,721

\$

1,768

\$

3,435

Vehicles

774

5

47

543

428

General office

16,963

4,500

7,630

6,423

8,279

Office rent

6,629

4,611

8,542

4,506

4,721

Professional fees

38,686

4,262

27,569

25,596

31,799

Telephone

6,426

2,408

4,102

3,319

2,673

Exchange loss

-

128,826

172,154

205,224

-

Insurance

1,040

-

-

-

-

Bank charges

88

142

142

150

499

Travel & accommodation

3,824

-

14

339

16

Field supplies

584

100

110

214

-

Drafting and reproduction

90

4

50

49

58

Courier

210

6

68

313

304

86,724

145,802

228,149

248,444

52,212

Alamo Dorado expenditures

Surveying

198,050

119,768

225,250

213,773

159,814

Salaries and benefits

65,450

-

-

-

-

Temporary labour

58,601

22,387

43,530

27,341

33,739

Vehicles

27,786

22,538

35,411

19,524

39,027

General office

21,256

7,099

15,164

9,584

5,732

Property payments

-

231,947

364,262

13,695

1,547

Professional fees

11,410

1,466

5,716

689

1,363

Telephone

5,611

3,791

5,571

2,886

3,931

Insurance

985

1,365

5,059

3,866

946

Option payments

-

75,505

187,793

152,180

160,936

Freight

967

-

-

-

11,054

Travel and accommodation

43,578

15,184

23,142

21,110

14,332

Assays and metallurgy

1,881

37,868

62,529

91,049

168,239

Field supplies

10,466

3,496

8,068

13,793

22,307

Drilling

-

296,608

387,923

315,204

897,650

Property taxes

-

7,696

19,435

12,272

13,634

Contractors

-

33,696

95,549

28,548

30,067

Drafting and reproduction

1,416

966

2,193

33,892

4,533

Courier

730

302

497

1,153

639

448,187

881,682

1,487,092

960,559

1,569,490

Deferred mineral property

Expenditures

\$

534,911

\$

1,027,484

\$

1,715,241

\$

1,209,003

\$

1,621,702

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CORNER BAY SILVER INC.

Supplementary Information about General and Administrative costs

(Unaudited)

Six months ended

December 31.

Years ended June 30.

2002

2001

2002

2001

2000

Salaries and benefits

\$

243,383

\$

141,138

\$

337,064

\$

188,174

\$

285,414

Consulting fees

-

75,418

317,331

143,464

-

Insurance

7,439

17,276

44,982

22,620

24,209

Interest and bank charges

915

2,174

8,205

1,585

1,495

Transfer agent and filing fees

31,305

15,416

47,925

20,764

22,953

Accounting and legal

27,843

37,122

128,110

96,366

27,855

Office rent

39,977

43,081

84,011

121,165

28,061

Telephone

9,322

6,228

16,386

11,098

8,563

Meals and entertainment

6,493

15,472

33,772

4,037

6,512

Travel

21,597

54,724

115,544

43,455

46,529

Advertising and new

Dissemination

29,336

80,371

178,603

57,247

37,061

Income tax paid (recovery)

(30,298)

-

44,000

(52)

-

General office

8,904

19,536

41,419

94,076

46,399

Plan of arrangement costs

212,321

-

68,160

-

-

Exchange loss (gain)

(14,628)

(10,031)

1,495

(5,926)

(13,713)

593,909

497,925

1,467,007

798,073

521,338

Provision for plan of arrangement costs

Severance

1,128,470

-

-

-

-

Accounting, legal and other

43,619

-

-

-

-

\$

1,765,998

\$

497,925

\$

1,467,007

\$

798,073

\$

521,338

Unaudited Pro Forma Consolidated Financial Statements of

PAN AMERICAN SILVER CORP.

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PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF PAN AMERICAN SILVER CORP.

The following pro forma consolidated balance sheet of Pan American Silver Corp. as at December 31, 2002 and the pro forma consolidated statements of operations for the nine months ended September 30, 2003 and the year ended December 31, 2002 illustrate on a pro forma basis the effects of the acquisition of Corner Bay Silver Inc. and certain other significant transactions and give effect to significant assumptions described in the notes to the pro forma consolidated financial statements.

COMPILATION REPORT

To the Directors of

Pan American Silver Corp.

We have read the accompanying unaudited pro forma balance sheet of Pan American Silver Corp. (the Company) as at December 31, 2002 and the unaudited pro forma statements of operations for the year then ended and the nine months ended September 30, 2003 and have performed the following procedures.

1.

Compared the figures in the columns captioned Pan American Silver Corp. to the unaudited financial statements of the Company for the nine months ended September 30, 2003, and the audited financial statements of the Company for the year ended December 31, 2002, respectively, and found them to be in agreement.

2.

Compared the figures in the column captioned Corner Bay Silver Inc. and the information contained in Note 5 to the unaudited financial statements of Corner Bay Silver Inc. for the six months ended December 31, 2002 and 2001 and the audited financial statements for the year ended June 30, 2002, and found them to be in agreement.

3.

Made enquiries of certain officials of the Company who have responsibility for financial and accounting matters about:

a)

the basis for determination of the pro forma adjustments; and

b)

whether the pro forma financial statements comply as to form in all material respects with the Securities Act of Ontario and the related regulations.

The officials:

a)

described to us the basis for determination of the pro forma adjustments; and

b)

stated that the pro forma statements comply as to form in all material respects with the Securities Act of Ontario and the related regulations.

4.

Read the notes to the pro forma statements, and found them to be consistent with the basis described to us for determination of the pro forma adjustments.

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5.

Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the columns captioned Pan American Silver Corp. and Corner Bay Silver Inc. for the nine months ended September 30, 2003, and as at and for the year ended December 31, 2002, and found the amounts in the column captioned Pro forma Pan American Silver Corp. to be arithmetically correct.

A pro forma financial statement is based on management assumptions and adjustments which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management's assumptions, the pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the pro forma financial statements, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

Vancouver, British Columbia

January 4, 2004

COMMENTS TO READERS IN THE UNITED STATES OF AMERICA

Under Canadian securities regulations, when pro forma financial statements are included in a prospectus, an auditors

' compilation report on the financial statements is required to be included in the prospectus. Under applicable securities regulations in the United States of America, such compilation reports would not be included in such a prospectus.

Chartered Accountants

Vancouver, British Columbia

January 4, 2004

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PAN AMERICAN SILVER CORP.

PRO FORMA CONSOLIDATED BALANCE SHEET

December 31, 2002 (Unaudited)

(Expressed in Thousands of United States Dollars)

	Pan American	Corner Bay	Note	Pro forma	Pro Forma
	Silver Corp.	Silver Inc.	5	adjustments	Pan American
					Silver Corp.
ASSETS					
Cash and cash equivalents	\$ 10,185	\$ 3,212	(e)	\$ 86,250	\$ 96,647
			(g)	(3,000)	
Accounts receivable	4,598	109		-	4,707
Inventories	4,637	-		-	4,637
Prepaid expenses and other	3,210	2		-	3,212
	22,630	3,323		83,250	109,203
Property, plant and equipment	59,447	2,588		-	62,035
Mineral properties	4,193	5,838	(a)	53,360	82,769
			(b)	18,858	
			(c)	520	
Direct smelting ore	4,303	-		-	4,303
Other assets	4,393	20		-	4,413
	\$ 94,966	\$ 11,769		\$ 155,988	\$ 262,723
LIABILITIES					
CURRENT					
Operating line of credit	\$ 125	\$ -		\$ -	\$ 125
Accounts payable and accrued liabilities	15,227	901	(c)	520	16,648
Advances for metal shipments	2,158	-		-	2,158
Current portion of bank loans and capital lease	1,638	-		-	1,638
Current portion of convertible debentures liability			(e)	1,213	1,213
Current portion of other liabilities	1,083	-		-	1,083
	20,231	901		1,733	22,865
Deferred revenue	923	-		-	923
Future income taxes	-	-	(b)	18,858	18,858
Bank loans and capital lease	3,942	-		-	3,942
Provision for reclamation	12,971	-		-	12,971
Convertible debentures liability	-	-	(e)	21,836	21,836
Severance indemnities and commitments	1,407	-		-	1,407
	39,474	901		42,427	82,802
SHAREHOLDERS' EQUITY					
Share capital	161,024	16,952	(a)	46,140	224,116
Convertible debentures	-	-	(e)	63,201	63,201
Additional paid in capital	1,092	357	(a)	1,136	2,228
			(a)	(357)	
Deficit	(106,624)	(6,441)	(a)	6,441	(109,624)
			(g)	(3,000)	
	55,492	10,868		113,561	179,921
	\$ 94,966	\$ 11,769		\$ 155,988	\$ 262,723

PAN AMERICAN SILVER CORP.

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

For the nine months ended September 30, 2003

(Unaudited)

(Expressed in Thousands of United States Dollars)

Pro Forma

Pan American

Pro forma

Pan American

Silver Corp.

Notes

adjustments

Silver Corp.

REVENUE

\$

32,265

\$

-

\$

32,265

EXPENSES

Operating

28,962

-

28,962

General and administration

1,548

6(b)

297

1,845

Depreciation and amortization

1,365

-

1,365

Reclamation

231

-

231

Exploration

1,588

-

1,588

Interest and financing costs

1,015

5(f)

323

1,338

34,709

620

35,329

LOSS FROM OPERATIONS

(2,444)

(620)

(3,064)

OTHER INCOME

508

6(b)

12

520

NET LOSS FOR THE PERIOD

\$

(1,936)

\$

(608)

\$

(2,544)

LOSS PER SHARE

Basic and fully diluted

\$

(0.03)

\$

(0.05)

WEIGHTED AVERAGE SHARES

OUTSTANDING

51,030,066

52,097,106

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PAN AMERICAN SILVER CORP.

Pro Forma Consolidated Statement of Operations

Year ended December 31, 2002

(Unaudited)

(Expressed in Thousands of United States Dollars)

	Pan American	Corner Bay	Note	Pro Forma	Pro Forma
	Silver Corp.	Silver Inc. (Note 6(a))	5	Adjustments	Pan American Silver Corp.
REVENUE	\$ 45,093	\$ -		\$ -	\$ 45,093
EXPENSES					
Operating	43,161	-		-	43,161
General and administration	1,698	997		-	2,695
Depreciation and amortization	4,872	-		-	4,872
Reclamation	860	-		-	860
Exploration	1,206	-	(d)	343	1,549
Interest and financing costs	988	-	(f)	1,167	2,155
Write down of mineral properties and reclamation	27,218	28		-	27,246
	80,003	1,025		1,510	82,538
Loss from operations	(34,910)	(1,025)		(1,510)	(37,445)
Interest income	269	-		-	269
Other income	983	160		-	1,143
Gain on disposal of investments	-	4		-	4
Net loss for the year	\$ (33,658)	\$ (861)		\$ (1,510)	\$ (36,029)
Loss per share					
Basic and fully diluted	\$ (0.80)	\$ (0.04)		\$ -	\$ (0.73)
Weighted average shares outstanding	41,849,413	19,385,808		-	49,486,072

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Notes to the Prom Forma Consolidated Financial Statements

September 30, 2003 and December 31, 2002

(Expressed in United States Dollars)

1.

BASIS OF PRESENTATION

The unaudited pro forma consolidated financial statements of Pan American Silver Corp. (Pan American) as at December 31, 2002 and for the nine months ended September 30, 2003 and the year ended December 31, 2002 have been prepared by management after giving effect to the acquisition by Pan American of Corner Bay Silver Inc. (Corner Bay). These unaudited pro forma consolidated financial statements have been compiled from and include:

(a)

A pro forma balance sheet combining the audited balance sheet of Pan American as at December 31, 2002 with the unaudited balance sheet of Corner Bay as at December 31, 2002;

(b)

A pro forma statement of operations combining the audited statement of operations of Pan American for the year ended December 31, 2002 with the unaudited statement of operations of Corner Bay for the twelve month period ended December 31, 2002; and

(c)

A pro forma statement of operations combining the unaudited statement of operations of Pan American for the nine months ended September 30, 2003 with the unaudited statement of operations of Corner Bay for the period from January 1, 2003 to February 20, 2003.

The pro forma balance sheet at December 31, 2002 has been prepared as if the transactions described in Notes 3 and 4 had occurred on December 31, 2002. The pro forma statement of operations for the year ended December 31, 2002 and the nine months ended September 30, 2003 have been prepared as if the transactions described in Notes 3 and 4 had occurred on the first day of the respective financial periods.

In addition to disclosures required under Canadian security regulations to comply with the Securities and Exchange Commission regulations, the Company has reconciled the pro forma information to accounting principles generally accepted in the United States of America (US GAPP) (see Note 7).

It is management

's opinion that these pro forma consolidated financial statements include all adjustments necessary for the fair presentation of the transactions described in Notes 3 and 4 in accordance with Canadian generally accepted accounting principles applied on a basis consistent with Pan American's accounting policies. The pro forma consolidated financial statements are not intended to reflect the results of operations or the financial position of Pan American which would have actually resulted had the proposed transactions been effected on the dates indicated. Further, the pro forma financial information is not necessarily indicative of the results of operations that may be obtained in the future.

The unaudited pro forma financial statements should be read in conjunction with the historical financial statements and notes thereto of Pan American and Corner Bay described above.

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited pro forma financial statements have been compiled using the significant accounting policies as set out in the audited financial statements of Pan American for the year ended December 31, 2002. The significant accounting policies of Corner Bay conform in all material respects to those of Pan American, except as described in and adjusted for in Note 5 (d).

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PAN AMERICAN SILVER CORP.

Notes to the Prom Forma Consolidated Financial Statements

September 30, 2003 and December 31, 2002

(Expressed in United States Dollars)

3.

BUSINESS COMBINATION

Acquisition of Corner Bay

On February 20, 2003, Pan American completed its proposed merger with Corner Bay. Under the terms of the acquisition common shares of Corner Bay were, directly or indirectly, exchanged for common shares of Pan American and warrants to purchase Pan American common shares, on the basis of one Pan American

common share for every 2.60 Corner Bay shares and one Pan American warrant for every 5.20 Corner Bay common shares. Pan American also agreed to issue 553,846 stock options to replace 960,000 fully vested stock options currently held by Corner Bay employees and directors.

Each whole Pan American warrant will allow the holder to purchase a Pan American common share for a price of Cdn.\$12.00 for a five-year period ended February 20, 2008.

As a result, Pan American issued 7,636,659 common shares to the shareholders of Corner Bay, and 3,818,330 warrants to purchase common shares. The common shares issued were valued at \$54,203,000 which was derived from an issue price of \$11.30 translated at \$0.6595 for each U.S. dollar, less a deemed 5% issue cost of \$2,707,000.

The share purchase warrants were valued at \$8,889,000, which was derived from a warrant valued at \$2.328 per warrant. The warrants were valued using an option pricing model assuming a weighted average volatility of the Company

's share price of 35% and a weighted average annual risk free rate of 4.16%. The value of the stock options granted was determined to be \$1,136,000.

The business combination has been accounted for as an acquisition by Pan American of Corner Bay and the purchase method of accounting has been applied. The consideration given has been allocated to the fair value of net assets acquired as follows:

	As at
	December 31,
	2002
Fair value of net assets acquired	
Current assets	\$ 3,323,000
Mineral properties	81,164,000
Other assets	20,000
	84,507,000

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Less:	Current liabilities	(901,000)
	Provision for future income tax liability	(18,858,000)
		\$ 64,748,000
Consideration given by Pan American		
	Issue of 7,636,659 common shares	\$ 54,203,000
	Issue of 3,818,330 share purchase warrants	8,889,000
	Issue of 553,846 replacement stock options	1,136,000
		64,228,000
Add:	Estimated costs of acquisition	520,000
		\$ 64,748,000

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PAN AMERICAN SILVER CORP.

Notes to the Prom Forma Consolidated Financial Statements

September 30, 2003 and December 31, 2002

(Expressed in United States Dollars)

The purchase consideration of \$64,748,000 for 100% of Corner Bay exceeds the carrying value of the net assets at December 31, 2002 by \$53,880,000 which has been applied to increase the carrying value of mineral properties. The resulting future income tax liability of \$18,858,000 has also been applied to increase the carrying value of mineral properties.

The value of the common shares issued by Pan American was estimated based on the average closing price of Pan American

's common shares for the period before and after the date that the terms of the transaction were agreed and announced.

4.

CONVERTIBLE DEBENTURE

During the third quarter ended September 30, 2003, the Company completed an offering of \$86,250,000 convertible, unsecured senior subordinated debentures (the Debentures), which are due on July 31, 2009. These Debentures bear interest at a rate of 5.25% per annum, payable semi-annually on January 31 and July 31 of each year, beginning on January 31, 2004.

The value of the Debentures is comprised of a \$35,357,000 fair value of the Debentures, \$23,049,000 fair value of the future interest payments and \$27,844,000 fair value ascribed to the holder

's option to convert the principal balance into common shares. These components have been measured at their respective fair values on the date the Debentures were issued. The \$23,049,000 fair value of the future interest payments is classified as a liability and the \$63,201,000 fair value of the Debentures and the conversion option have been classified in shareholders' equity as Convertible Debentures . Over the six-year term of the Debentures, the carrying value of the Debentures is accreted to their face value and the fair value of the future interest payments is amortized. The periodic accretion is charged to deficit.

5.

ADJUSTMENTS TO THE PRO FORMA FINANCIAL STATEMENTS

Adjustments to the pro forma balance sheet as at December 31, 2002 and the pro forma consolidated statement of operations for the year then ended and the nine month period ended September 30, 2003 are as follows:

(a)

Effect the terms of the acquisition, principally eliminating the shareholders

' equity in Corner Bay and allocating the cost of acquisition.

(b)

Record future income tax on the acquisition of Corner Bay and the related acquisition of mineral properties of \$18,858,000.

(c)

Accrue acquisition costs of \$520,000.

(d)

Write off deferred exploration expenditures in Corner Bay to comply with Pan American

's accounting policy.

(e)

Record the fair value of the convertible debentures consisting of \$23,049,000 fair value of future interest payments and \$63,201,000 fair value of the convertible debentures and conversion option.

(f)

Record interest expense on the convertible debentures.

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PAN AMERICAN SILVER CORP.

Notes to the Prom Forma Consolidated Financial Statements

September 30, 2003 and December 31, 2002

(Expressed in United States Dollars)

(g)

Record convertible debenture issue costs of \$3,000,000 as a charge to deficit.

6.

CORNER BAY SILVER INC.

The amounts used to prepare the pro forma operating statements of Corner Bay, which has a historical year end of June 30, have been determined as follows:

(a)

Year ended December 31, 2002

	Six months		Six months	Twelve months	Twelve months
	ended	Year ended	ended	ended	ended
	December 31,	June 30,	December 31,	December 31,	December 31,
	2002	2002	2001	2002	2002
	(Cdn.\$)	(Cdn.\$)	(Cdn.\$)	(Cdn.\$)	(U.S.\$)
		(Audited)			
Expenses					
General and administrative	\$ 593,909	\$ 1,467,007	\$ 507,034	\$ 1,553,882	\$ 997,126
	-	42,511	-	42,511	27,279

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Write-off of property, plant and equipment	593,909	1,509,518	507,034	1,596,393	1,024,405
Other income	(75,861)	(295,844)	(122,740)	(248,965)	(159,761)
Gain on disposal of investments	-	(5,805)	-	(5,805)	(3,725)
Net loss for the period	\$ 518,048	\$ 1,207,869	\$ 384,294	\$ 1,341,623	\$ 860,919

(b)

Nine months ended September 30, 2003

The period from the acquisition date of February 20, 2003 to September 30, 2003 are included in the unaudited financial statements of Pan American for the nine months ended September 30, 2003. The pro forma adjustments include revenue and expenses for the period from January 1, 2003 to February 20, 2003.

(c)

The financial statements of Corner Bay are denominated in Canadian dollars (Cdn.\$) and have been translated into United States dollars using the following exchange rates:

	Exchange Rate
Pro forma statements of operations for the year ended December 31, 2002 and the nine month period ended September 30, 2003	1 Cdn.\$ = U.S.\$0.7408
Pro forma balance sheet as at December 31, 2002	1 Cdn.\$ = U.S.\$0.6648

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PAN AMERICAN SILVER CORP.

Notes to the Prom Forma Consolidated Financial Statements

September 30, 2003 and December 31, 2002

(Expressed in United States Dollars)

7.

DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The pro forma consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada (Canadian GAAP) which differ in certain respects with accounting principles generally accepted in the United States (US GAAP). The differences between Canadian GAAP and US GAAP as they relate to the Company are summarized as follows.

FASB Statement No. 143, Accounting for Asset Retirement Obligations (SFAS 143), addresses financial accounting and reporting for obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development or the normal operation of long-lived assets, except for certain obligations of leases. SFAS 143 is effective for financial statements issued for financial years beginning after June 15, 2002. Under SFAS 143, the Company

's provision for reclamation of \$13,184,000 would be removed from the accounts with a credit to earnings. The expected fair value of future site restoration costs for the La Colorada, Huaron and Quiruvilca mines is estimated at \$19,600,000 and would be recorded as part of the carrying value of the asset and as a corresponding liability. Due to the impairment in the carrying value of the Quiruvilca mine, the Company would recognize a \$12,500,000 charge to earnings. The current period's reclamation provision of \$231,000 would be reversed and future period operations would be charged with annual amortization of future site restoration cost of \$710,000 and the accretion of a liability for future site restoration costs of \$418,000.

In May 2003, FASB Statement No. 150 (SFAS 150), Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity was issued. This Statement requires that three types of financial instruments be reported as liabilities by their issuers. Those types of instruments include: mandatorily redeemable instruments; forward purchase contracts, written put options and other financial instruments not in the form of shares that either obligate the issuer to repurchase its equity shares and settle its obligation for cash or by transferring other assets; and certain financial instruments that include an obligation that may be settled in a variable number of equity shares, has a fixed or benchmark tied value at inception that varies inversely with the fair value of the equity shares. SFAS 150 is effective for instruments entered into or modified after May 31, 2003. In accordance with SFAS 150 the resulting change to the financial statements would be to increase liabilities by \$63,201,000 and decrease shareholders

' equity by a corresponding amount. Debt issue expenses of \$3,000,000 would be reclassified from shareholders' equity to assets and would be amortized over three years at an annual rate of \$1,000,000. Interest expense would be higher by \$202,000.

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PAN AMERICAN SILVER CORP.

Notes to the Prom Forma Consolidated Financial Statements

September 30, 2003 and December 31, 2002

(Expressed in United States Dollars)

The following tables illustrate how SFAS 143 and 150, if applied, would change the pro forma consolidated balance sheets and statements of operations of the Company.

	December 31, 2002		
	Total Assets	Total Liabilities	Shareholders' Equity
	\$	\$	\$
Reported under Canadian GAAP	262,723	82,802	179,921
SFAS 150 adjustments			
Reclassify convertible debenture	-	63,201	(63,201)
Debt issue costs	3,000	-	3,000
	\$	\$	\$
Reported under US GAAP	265,723	146,003	119,720

Nine months

ended

Year ended

September 30

December 31

2003

2002

Pro forma net loss under Canadian GAAP

\$

(2,544)

\$

(36,029)

SFAS 143 Adjustments

Reclamation

231

-

Amortization of future site restoration costs

(533)

-

Accretion of future site restoration costs

(313)

-

Sub-total

(3,159)

(36,029)

SFAS 150 adjustments

Additional interest expense

(2,510)

(3,361)

Amortization of debt issue costs

(750)

(1,000)

Net loss before cumulative effect of change in

accounting policy

(6,419)

(40,390)

Change in accounting policy

684

-

Pro forma net loss under US GAAP

\$

(5,735)

\$

(40,390)

PART II

**INFORMATION NOT REQUIRED TO BE
DELIVERED TO OFFEREES OR PURCHASERS**

Indemnification.

Section 128 of the Company Act (British Columbia) (the "BCCA") authorizes a company, with the approval of the court, to indemnify past and present directors and officers of the company and past and present directors and officers of a corporation of which the company is or was a shareholder, against liabilities incurred in connection with the provision of their services as such if the director or officer acted honestly and in good faith with a view to the best interests of the company and, in the case of a criminal or administrative proceeding, if he or she had reasonable grounds for believing that his or her conduct was lawful. Section 128 of the BCCA provides that a company may purchase and maintain liability insurance for the benefit of such directors and officers.

In accordance with the BCCA, the Articles of the Registrant provide that the Registrant will indemnify its directors, former directors, Secretary or Assistant Secretary, and may indemnify its officers, employees or agents and those of its subsidiaries, and directors and former directors of its subsidiaries, and each of their respective heirs and representatives, against all losses, charges and expenses howsoever incurred by them as a result of their actions in such capacities. The Registrant has entered into agreements with each of its directors confirming this indemnity. The failure of a director or officer of the Registrant to comply with the provisions of the BCCA or the Registrant's Memorandum or Articles, however, will invalidate any indemnity which he or she is entitled to.

A policy of directors' and officers' liability insurance is maintained by the Registrant which insures directors and officers for losses as a result of claims against the directors and officers of the Registrant in the indemnity provisions under the Articles and the BCCA.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Securities Act") may be permitted to directors, officers or persons controlling the Registrant pursuant to the foregoing provisions, the Registrant has been informed that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Exhibits.

The following exhibits have been filed or incorporated by reference as part of the Registration Statement:

Exhibit

Number

Descrip-tion

4.1

Annual Information Form of the Registrant, dated May 20, 2003. ⁽¹⁾

4.2

Audited Consolidated Financial Statements of the Registrant and the notes thereon as at and for the years ended December 31, 2001 and 2002, together with the auditors' report thereon as set out in the Registrant's annual report. ⁽¹⁾

4.3

Unaudited Consolidated Financial Statements of the Registrant and the notes thereto as at and for the three months ended March 31, 2003, together with management's discussion and analysis of financial condition and results of operations for the three months ended March 31, 2003. ⁽²⁾

4.4

Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2002 as set out in the Registrant's annual report. ⁽¹⁾

4.5

Information Circular of the Registrant, dated April 9, 2003, in connection with the Registrant's May 12, 2003 annual meeting of members, other than the sections titled "Corporate Governance", "Executive Compensation Compensation Committee", "Executive Compensation Report on Executive Compensation" and "Executive Compensation Performance Graph". ⁽³⁾

4.6

Material Change Report of the Registrant, dated February 27, 2003, relating to the completion of the Registrant's acquisition of Corner Bay Silver Inc. ⁽⁴⁾

4.7

Material Change Report of the Registrant, dated February 27, 2003, relating to consolidated production figures from 2002. ⁽⁴⁾

4.8

Material Change Report of the Registrant, dated March 13, 2003, relating to financial and operational results for the fourth quarter and year ended December 31, 2002. ⁽⁵⁾

4.9

Material Change Report of the Registrant, dated May 22, 2003, relating to financial and operational results for the first quarter of 2003. ⁽⁶⁾

4.10

Material Change Report of the Registrant, dated July 7, 2003, relating to filing of the preliminary short form base shelf prospectus of the Registrant dated July 7, 2003. ⁽⁷⁾

4.11

Material Change Report of the Registrant, dated July 22, 2003, relating to the announcement of the offering of US\$75 million aggregate principal amount of 5.25% convertible unsecured senior subordinated debentures due July 31, 2009. ⁽⁸⁾

4.12

Material Change Report of the Registrant, dated July 30, 2003, relating to the closing of the Debenture Offering. ⁽⁹⁾

4.13

Material Change Report of the Registrant, dated August 7, 2003, relating to the exercise of an over-allotment option pursuant to the terms of the Debenture Offering. ⁽⁹⁾

4.14

Material Change Report of the Registrant, dated August 22, 2003, relating to financial and operational results for the second quarter of 2003. ⁽⁹⁾

4.15

Material Change Report of the Registrant, dated September 22, 2003, relating to recent developments at the Company's operations and feasibility-stage projects. ⁽⁹⁾

4.16

Material Change Report of the Registrant, dated October 23, 2003, relating to the buy-back of an existing 3% net smelter royalty on the Company's Huaron silver mine in Peru from a group of Peruvian companies for US\$2.5 million. ⁽⁹⁾

4.17

Material Change Report of the Registrant, dated October 31, 2003, relating to an agreement to sell the Company's 50% interest in the Tres Cruces gold project in Peru to New Oroperu Resources Inc. ⁽⁹⁾

4.18

Material Change Report of the Registrant, dated November 12, 2003, relating to financial and operation results for the third quarter of 2003. ⁽⁹⁾

4.19

Audited Consolidated Financial Statements of the Registrant and the notes thereon as at and for the years ended December 31, 2001 and 2002, together with the auditors' report thereon, including a reconciliation to United States generally accepted accounting principles in accordance with Item 18 of Form 20-F. ⁽¹⁰⁾

5.1

Consent of Deloitte & Touche LLP

5.2

Consent of PricewaterhouseCoopers LLP

6.1

Powers of Attorney (included on page III-3 of this Registration Statement)

(1)

Incorporated by reference to the Registrant's Annual Report on Form 40-F, filed with the Commission on May 20, 2003.

(2)

Incorporated by reference to the Registrant's Report on Form 6-K, furnished to the Commission on May 23, 2003.

(3) Incorporated by reference to the Registrant

's Registration Statement on Form F-10 (File No. 333-106858), filed with the Commission on July 7, 2003.

(4)

Incorporated by reference to the Registrant's Report on Form 6-K, furnished to the Commission on February 27, 2003.

(5)

Incorporated by reference to the Registrant's Report on Form 6-K, furnished to the Commission on March 3, 2003.

(6)

Incorporated by reference to the Registrant's Report on Form 6-K, furnished to the Commission on May 22, 2003.

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Incorporated by reference to the Registrant's Report on Form 6-K, furnished to the Commission on July 18, 2003.

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Incorporated by reference to the Registrant's Report on Form 6-K, furnished to the Commission on December 29, 2003.

(10) Incorporated by reference to the Registrant's Report on Form 6-K, furnished to the Commission on July 3, 2003.

PART III

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

Item 1.

Undertaking.

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities registered pursuant to Form F-10 or to transactions in such securities.

Item 2.

Consent to Service of Process.

Concurrently with the filing of this Registration Statement on Form F-10, the Registrant is filing with the Commission a written irrevocable consent and power of attorney on Form F-X. Any change to the name or address of the agent of service for the Registrant will be communicated promptly to the Commission by amendment to Form F-X referencing the file number of this Registration Statement.

III-1

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-10 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Vancouver, British Columbia, Canada on

January 7, 2004.

PAN AMERICAN SILVER CORP.

By:

/s/ Ross J. Beaty

Ross J. Beaty

Chairman and Chief Executive Officer

III-2

POWER OF ATTORNEY

KNOW ALL MEN AND WOMEN BY THESE PRESENTS, that each officer or director of Pan American Silver Corp. whose signature appears below constitutes and appoints Ross J. Beaty and

A. Robert Doyle, and each of them, with full power to act without the other, his or her true and lawful attorneys-in-fact and agents, with full and several power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments, including post-effective amendments, and supplements to this Registration Statement on Form F-10, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as they or he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his or her or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed below by or on behalf of the following persons in the capacities indicated, on

January 7, 2004.

Signature

Title

/s/ Ross J. Beaty

Ross J. Beaty

Chairman and Chief Executive Officer and Director

(Principal Executive Officer)

/s/

A. Robert Doyle._____

Anthony Hawkshaw

Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

/s/ William A. Fleckenstein

William A. Fleckenstein

Director

John M. Willson

Director

Michael Larson

Director

Michael J.J. Maloney

Director

/s/ Paul B. Sweeney

Paul B. Sweeney

Director

/s/ John H. Wright

John H. Wright

Director

/s/ Geoffrey A. Burns

Geoffrey A. Burns

Director

III-3

AUTHORIZED REPRESENTATIVE

Pursuant to the requirements of Section 6(a) of the Securities Act of 1933, the Authorized Representative has duly caused this Registration Statement to be signed on its behalf by the undersigned, solely in its capacity as the duly authorized representative of Pan American Silver Corp. in the United States, in the City of Vancouver, British Columbia, Canada on January 7, 2004.

PAN AMERICAN MINERALS INC.

(Authorized Representative)

By:

/s/ Ross J. Beaty

Ross J. Beaty

Director

III-4

EXHIBIT INDEX

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Exhibit 5.1

Deloitte & Touche LLP
P.O. Box 49279
Four Bentall Centre
2800 - 1055 Dunsmuir Street
Vancouver, British Columbia
V7X 1P4

Tel: (604) 669 4466

Fax: (604) 685 0395

www.deloitte.ca

INDEPENDENT AUDITORS

' CONSENT

We consent to the incorporation by reference in this Registration Statement of Pan American Silver Corp. filed on Form F-10 of our report addressed to the Shareholders of the Company dated February 20, 2003, except for Note 9, which is at March 7, 2003 for the year ended December 31, 2002 and to the reference to us under the heading

Auditors, Transfer Agent and Registrar and Experts in the Prospectus, which is part of this Registration Statement.

CHARTERED ACCOUNTANTS

Vancouver, British Columbia, Canada

January 7, 2004

Exhibit 5.2

PricewaterhouseCoopers LLP

Chartered Accountants

PO Box 82

Royal Trust Tower, Suite 3000

Toronto Dominion Centre

Toronto, Ontario

Canada M5K 1G8

Telephone +1 416 863 1133

Facsimile +1 416 365 8215

January 7, 2004

Securities and Exchange Commission

We refer to the Short Form Base Shelf Prospectus (the Prospectus) and the Form F-10 registration statement under the Securities Act of 1933 (the Form F-10) filing of Pan American Silver Corp. (the Company) dated **January 7, 2004** relating to the offer and sale of common shares of the Company up to an aggregate initial offering price of Cdn.\$45,819,960, during the 25 month period that the Prospectus remains valid.

We consent to the use in the above-mentioned Prospectus and Form F-10 of our report dated September 6, 2002 relating to the following consolidated financial statements of Corner Bay Silver Inc.:

- Balance sheets as at June 30, 2002 and 2001; and
- Statements of operations and deficit and cash flows for each of the years in the three-year period ended June 30, 2002.

We also consent to the reference to our Firm under the heading Experts in the Prospectus and Form F-10.

Yours very truly,

/s/ PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.