

PROPERTY FILE -05

Blue Ice 83D003
 Fallaire 920 043
 Smith-Nash 93E014
 Mamie 93L 290
 Jack } 104G048
 } 070
 } 076

Paydirt } 104G023
 } 068
 } 108

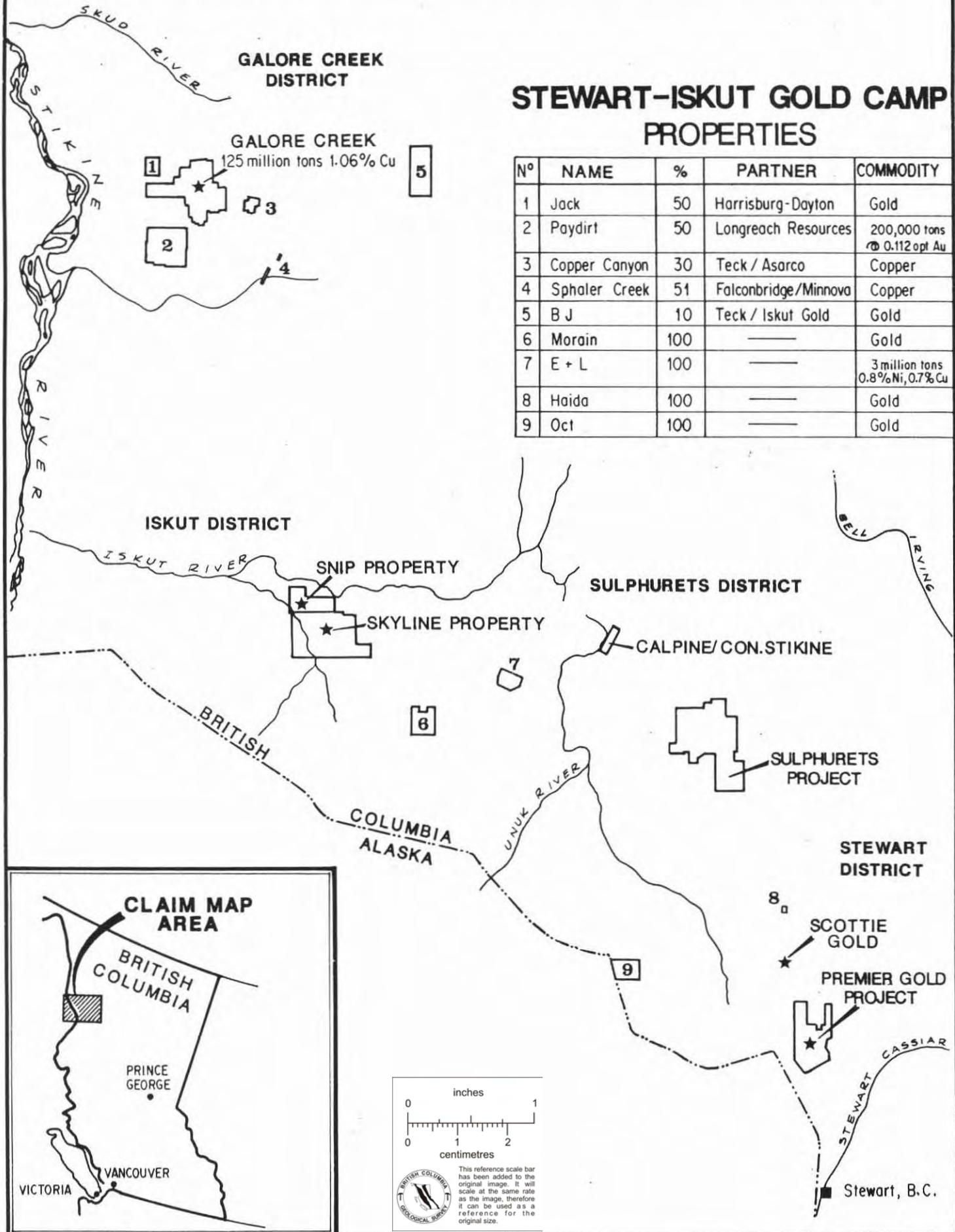
Nickle Mountain 104B006
 Outhie 93L 088, 089
 Hunter 104P 034
 Bre 103F/9E (General)

Company
 Annual Rpt.

CONSOLIDATED SILVER STANDARD MINES LIMITED

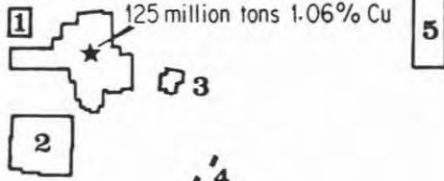
STEWART-ISKUT GOLD CAMP PROPERTIES

Nº	NAME	%	PARTNER	COMMODITY
1	Jack	50	Harrisburg-Dayton	Gold
2	Paydirt	50	Longreach Resources	200,000 tons @ 0.112 opt Au
3	Copper Canyon	30	Teck / Asarco	Copper
4	Sphaler Creek	51	Falconbridge/Minnova	Copper
5	B J	10	Teck / Iskut Gold	Gold
6	Morain	100	—	Gold
7	E + L	100	—	3 million tons 0.8% Ni, 0.7% Cu
8	Haida	100	—	Gold
9	Oct	100	—	Gold



GALORE CREEK DISTRICT

GALORE CREEK
125 million tons 1.06% Cu



ISKUT DISTRICT

SNIP PROPERTY

SKYLINE PROPERTY

SULPHURETS DISTRICT

CALPINE/CON. STIKINE

SULPHURETS PROJECT

STEWART DISTRICT

SCOTTIE GOLD

PREMIER GOLD PROJECT

Stewart, B.C.

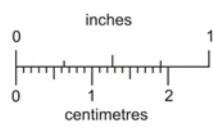
CLAIM MAP AREA

BRITISH COLUMBIA

PRINCE GEORGE

VANCOUVER

VICTORIA

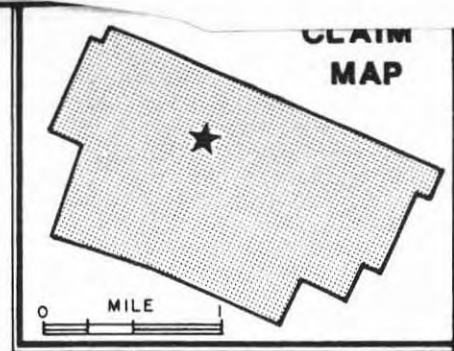


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CONSOLIDATED SILVER STANDARD MINES LIMITED

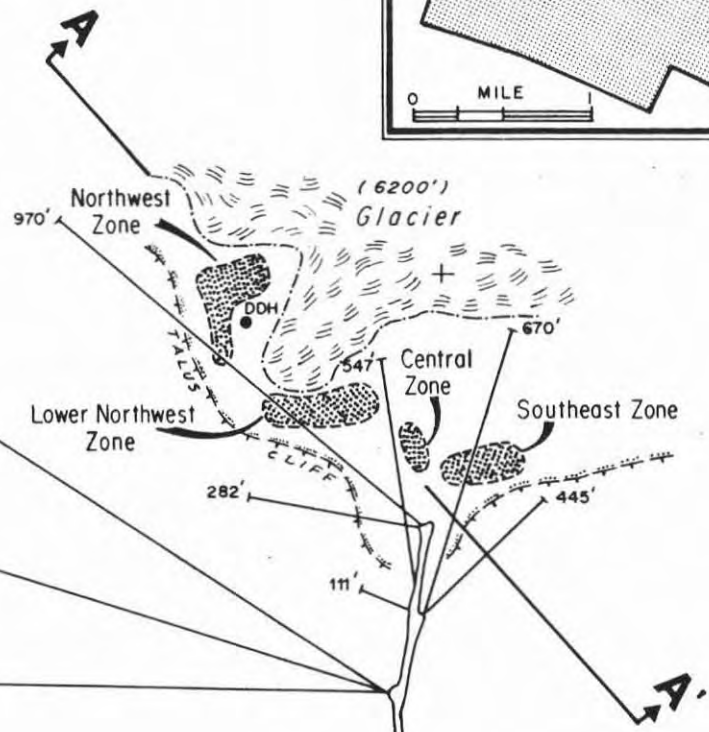
NICKEL MOUNTAIN PROJECT

104B 006



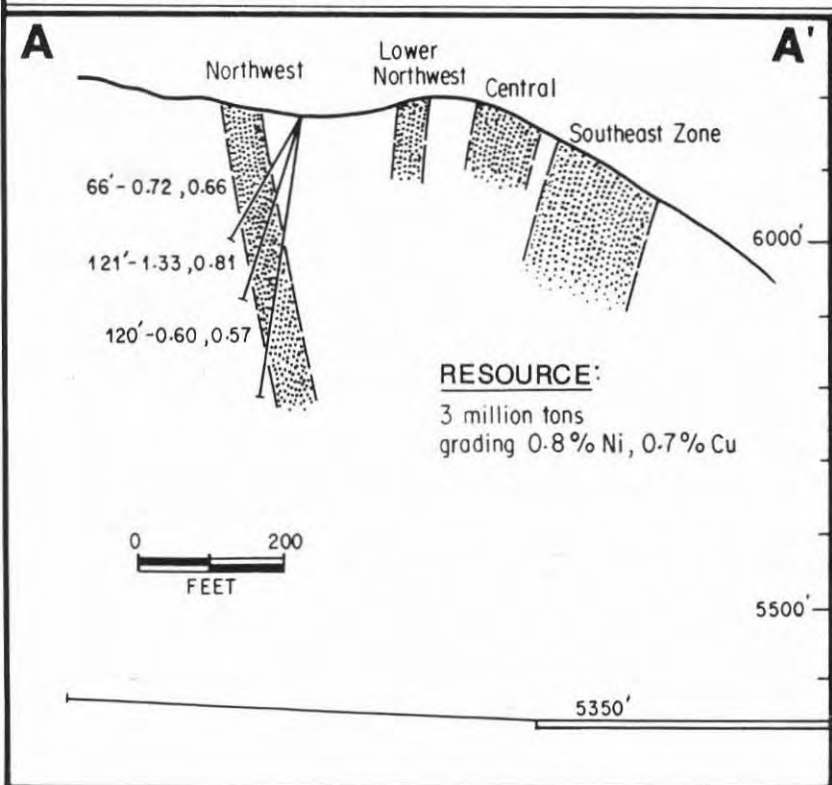
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+

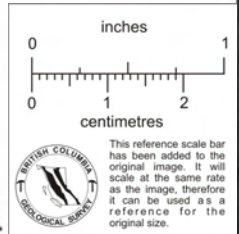


6000 N +

+



5350 EL
5000 E



LEGEND

- Nickel, copper mineralization
 - Drillhole footage - % nickel, % copper
 - Adit
- 0 200 400 600 800 1000 FEET



0005069806

It is with pleasure that I report to shareholders on the varied activities of the Company in 1988.

Fifteen properties were explored this past year, including eight properties currently under option or lease to other parties. Surface exploration programs were carried out on eight properties, four were drill-tested, and underground exploration continued on one. Mining operations also continued on two leased silver properties in central British Columbia. An aggregate of \$1,200,000 was expended in exploration on these properties, of which \$250,000 was funded by the Company. The results of these various exploration programs are detailed in the body of this report.

Financially, the Company continues to enjoy a strong consolidated balance sheet with no debt, \$1,480,000 in working capital, and \$470,000 in marketable securities. This year the Company's revenue increased marginally to \$357,000 from \$349,000 in 1987, while administrative expenses increased to \$202,000 from \$159,000 the year previous. The increase in administrative costs results from additional staffing requirements for exploration programs managed by the Company.

In addition to our marketable assets, notes totalling \$1,218,000 receivable from Western Copper Holdings Limited are included in the Statement of Investments at a consolidated net book value of \$649,121. These notes may be retired early in 1989 if a business plan for Western Copper Holdings Ltd. is approved by its shareholders.

Although the past year has been a difficult one for some junior mining companies because of changes in the tax laws affecting flow-through financing and weaker capital markets, the Company has been able to maintain a significant level of activity without dilution to shareholders. This has been accomplished by balancing revenues with exploration and administrative expenditures and by farming-out properties which do not offer immediate potential for commercial development. We will continue this policy in 1989.

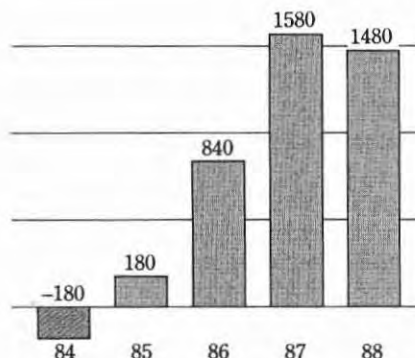
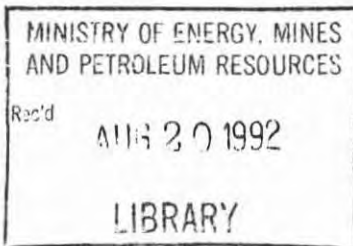
In the coming year we anticipate an increase in the tempo of activities on our properties. Tuscarora will be readied to commence production in 1990; the Smith-Nash and Hunter gold properties will be actively explored by optionees; Duthie Holdings Limited will continue work at the Duthie Mine; some of our more mature copper properties will be re-evaluated. As a means of increasing our exposure to potentially economic mining ventures, we will initiate joint venture exploration programs, chiefly focussed on properties valued for gold and copper. The objective of your Board remains the discovery or acquisition of a property with immediate cash-flow generating capabilities.

I look forward to meeting the challenges of the coming year and would like to thank you, the Shareholders, for your continued interest, encouragement and support.

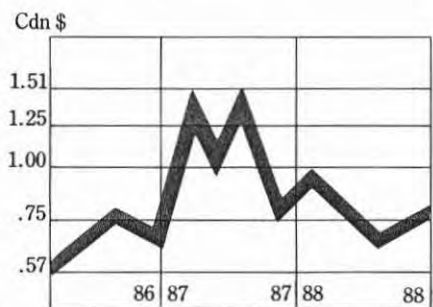
On behalf of the Board,

R.A. Quartermain
President

January, 1989



Working Capital (\$'000)

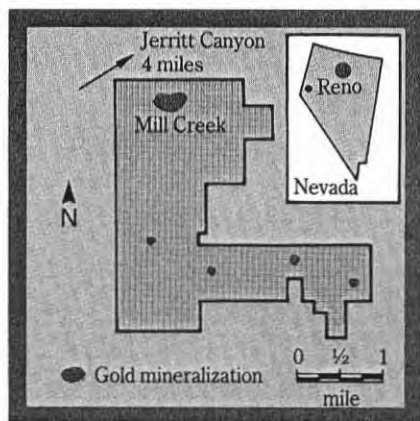


Stock Price 1986-1988

TUSCARORA (2.19% NSR)

In 1988, Freeport-McMoRan Gold Company completed 9,820 feet of drilling in 39 holes in the Mill Creek Zone on the Tuscarora property in northern Nevada. Reserves are now estimated at 1,184,400 tons grading 0.152 ounces of gold per ton, and 200,000 tons of heap-leachable material grading 0.042 ounces of gold per ton. Freeport has outlined an additional resource of 361,500 tons grading 0.088 ounces of gold per ton and 276,800 tons of heap-leachable material grading 0.039 ounces of gold per ton at Mill Creek. Construction of the haulage road which will connect the Freeport milling facilities to Mill Creek will commence in 1989, with production from the property expected in 1990. Freeport will continue reserve delineation, exploration and condemnation drilling on the Mill Creek Zone in 1989. The Company has a 2.19% net smelter interest in the property, and until such time as it is placed in production, will receive \$43,000 U.S. per annum as its share of annual payments made to the Owyhee Syndicate.

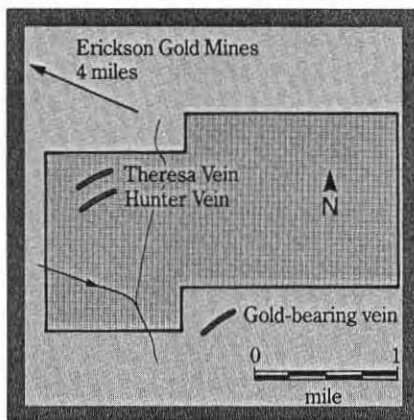
Tuscarora Property



HUNTER (36%)

Erickson Gold Mines, a subsidiary of Total Energold Corporation, carried out an extensive exploration program on the 1200-acre Hunter property located in northern British Columbia. The results of the geophysical and geochemical surveys identified an altered horizon with which gold mineralization at the Erickson Mine is associated. Further drill testing of the Hunter and Theresa Veins along the contact of the altered zone is planned in 1989. Surface chip sampling of the veins has returned values as high as 62 ounces of gold per ton across 2.8 feet. Erickson can earn a 60% property interest by expending \$600,000 on exploration and making cash payments totalling \$40,000 over four years.

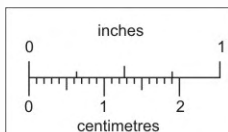
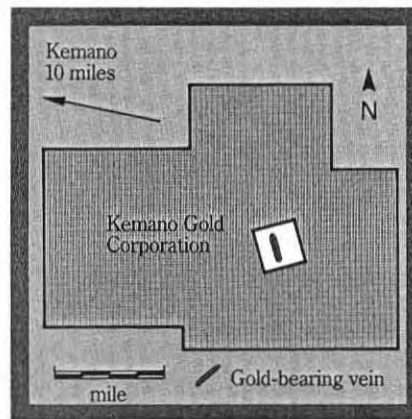
Hunter Property



SMITH-NASH (50%)

Extensive exploration was carried out this past year on the Smith-Nash gold property located 40 miles southeast of Kitimat, British Columbia. In June, Whitesail Minerals Corporation, the previous optionee, relinquished its option on the property which was subsequently farmed-out to Fleck Resources Ltd. of Vancouver. Fleck can earn a 50% property interest by expending \$500,000 on exploration, or a 65% interest by expending \$750,000. Based on surface sampling and drilling, Fleck has calculated a geological resource of 22,190 short tons grading 0.301 ounces of gold per ton across an average width of 7.25 feet for the Smith-Nash vein, which remains open down-dip and along strike. Additional exploration is planned for 1989. As a result of its previous agreement with Whitesail, Silver Standard has certain rights with respect to claims peripheral to the Smith-Nash claim.

Smith Property

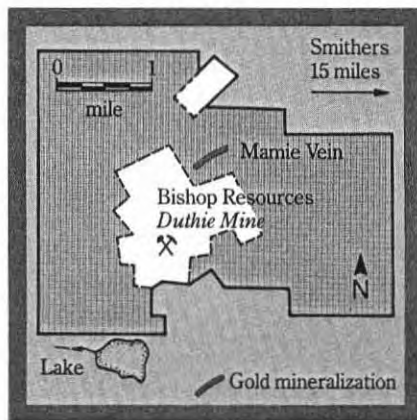


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MAMIE (100%)

The Company carried out additional metallurgical testing on a bulk sample taken from the Mamie property located 15 miles west of Smithers. Results indicate that an economic concentrate is not attainable using conventional flotation or cyanidation methods and no further work is planned for the immediate future. Reserves presently total 61,000 tons grading 0.28 ounces of gold per ton, 1.5 ounces of silver per ton and 5 percent zinc.

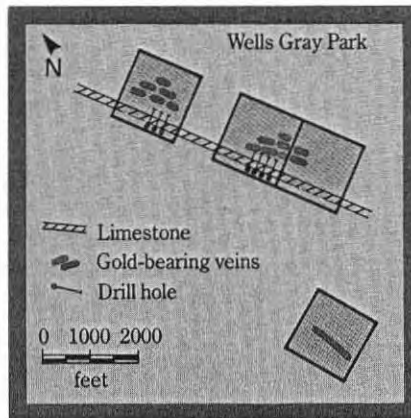
Mamie Property



BLUE ICE (65%)

The Blue Ice claims situated in the northwest corner of Wells Gray Provincial Park cover gold mineralization in quartz veins associated with sulfide replacement of a limestone horizon. Ten holes drilled on the Blue Ice property in 1938 encountered gold mineralization, with the better intersections assaying 1.50 ounces across 15 feet, 0.70 ounces across 5 feet, and 0.21 ounces across 7 feet. In December, the Ministries of Environment, and Mines and Petroleum Resources announced that exploration in Wells Gray Park would be prohibited and holders of existing mineral tenures would be compensated. The Company will seek compensation which reflects the drill-indicated potential of the property.

Blue Ice Property



SILICA (100%)

The Company has four properties principally valued for silica. The Longworth, AN, WIN and SIL collectively have drill-indicated reserves in excess of 20,000,000 tons grading 99.5 percent SiO₂. Current silica prices preclude the near-term development of these properties, but the Company continues to receive enquiries with respect to their status and will maintain them in good standing as a long term asset.

RARE EARTHS (100%)

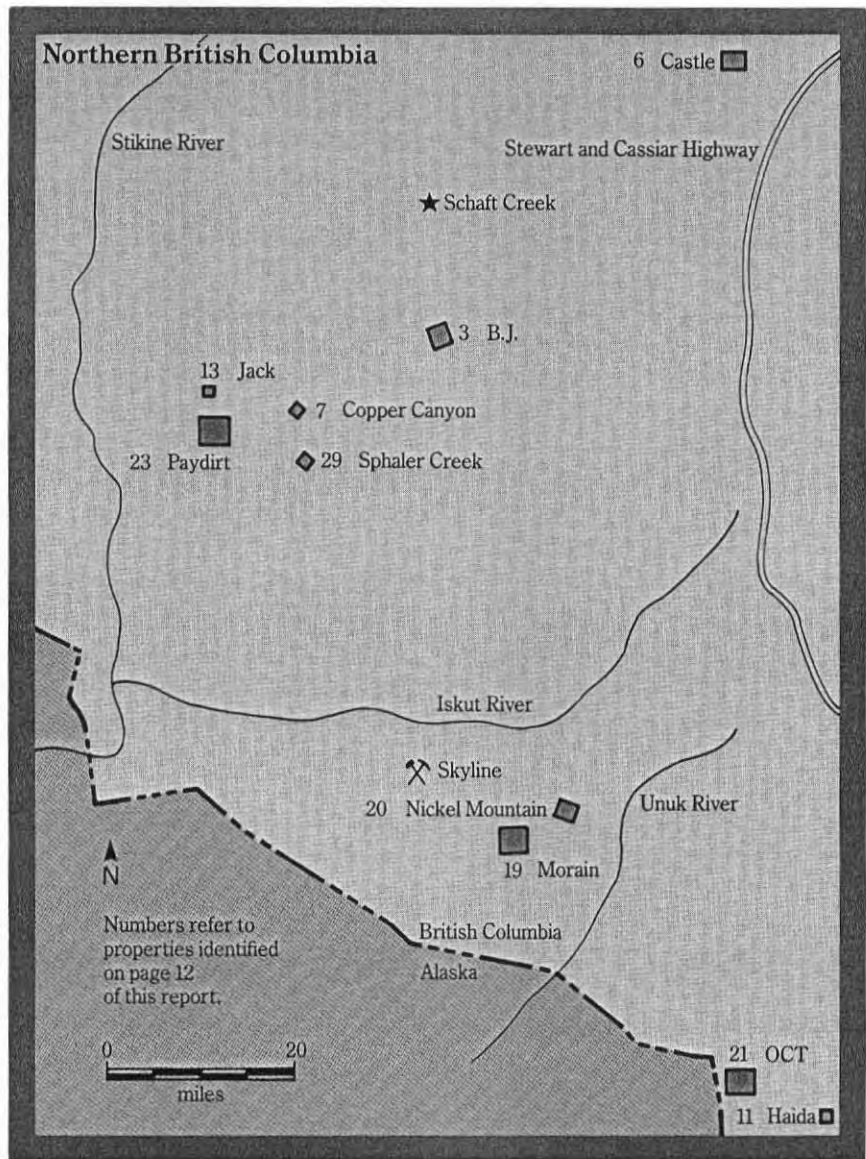
Rock samples collected from the *Beaver* property located in the southeast Yukon Territory were analyzed to determine the nature of the rare earths-hosting lithologies. Samples containing up to 3 percent combined rare earths have been collected from the property. We will continue to seek a joint venture partner to further advance this project.

On our 35-claim *Lac Sairs* property in southwest Quebec, the Company carried out line-cutting and ground geophysical surveys. The results of a recent airborne radiometric survey were encouraging, as a number of coincident radioactive and VLF-EM anomalies were identified. Ground follow-up of the radioactive anomalies is planned for the spring of 1989.

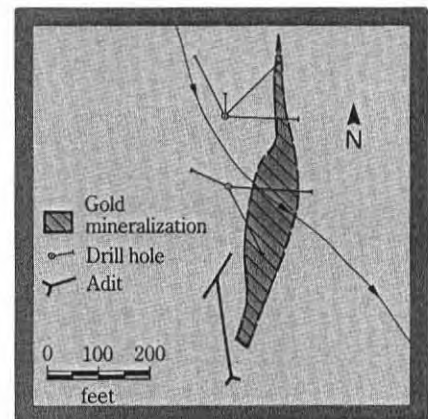
NORTHERN BRITISH COLUMBIA

The Company has a number of well-located mineral properties in the emerging Sulphurets-Stewart-Iskut River Gold Camp in northwestern British Columbia. These properties, principally valued for gold, copper and nickel, are at various stages of exploration.

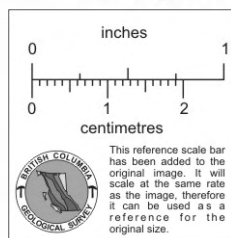
On the 4,000-acre *Paydirt* property (100%), a drill-indicated geological reserve of 200,000 tons grading 0.112 ounces of gold per ton has been outlined. Longreach Resources Ltd. can earn a 50% property interest by spending a total of \$700,000 on exploration by December 31, 1989. On the 800-acre *Jack* property (100%) the Company carried out a prospecting program which was successful in locating gold-bearing quartz float assaying 1.5 ounces of gold per ton. The Company is negotiating a farm-out of this property. The Company will negotiate a farm-out of the *Sphaler Creek* claims (51%) which are currently surrounded by land held by Pass Lake Resources Ltd. Last season, Pass Lake identified a number of gold-bearing structures proximal to the Company's claims.



Drilling on the *B.J.* and *Castle* properties, in which the Company has a 10% working interest, confirmed the presence of gold-bearing veins. These properties will require significant exploration funding in the coming year to follow-up on anomalous values. The Company has elected to dilute to a 5% net profits interest.



Paydirt Property

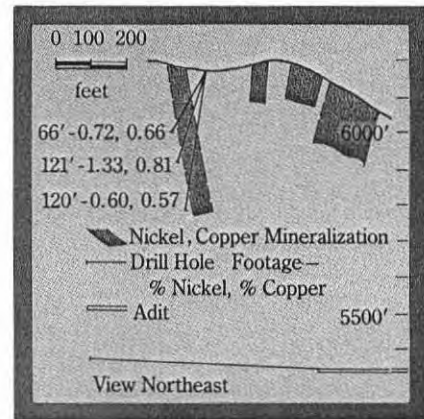


EXPLORATION

The *Haida* claim (100%) located 15 miles north of Stewart has been inactive for several years. Values of 2.8 ounces of gold per ton across 7 feet and 0.5 ounces of gold per ton across 5 feet, taken from a polysulfide structure, suggest the property warrants additional exploration. The Company will attempt to farm-out this property in the coming year. Assessment exploration undertaken on the *Morain* (100%) and *OCT* (100%) claims failed to improve either property significantly.

The *Nickel Mountain* project, located between the gold plays of Skyline Explorations Ltd. and Calpine Resources Inc., contains a drill-indicated reserve of 3,000,000 tons grading 0.7 percent nickel and 0.8 percent copper. Platinum, palladium, and gold content is minor. The Company is pursuing opportunities which would see continued exploration of this property.

Internationally, the Company continues to examine properties in Central and South America. However, no specific property activities have been initiated to date.

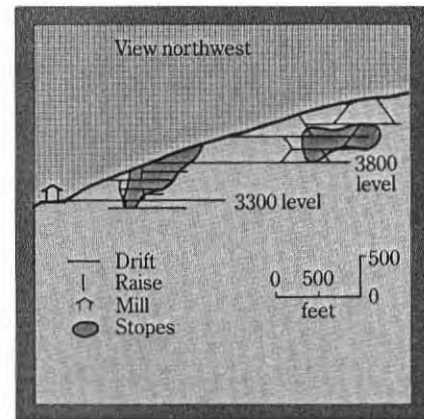


Nickel Mountain Property

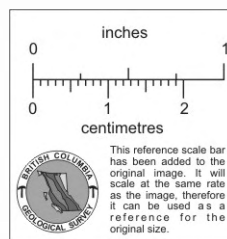
LEASED PROPERTIES

The Company receives royalties from four leased silver properties in central British Columbia. Duthie Holdings Limited carried out limited underground exploration and mining on the *Duthie Mine* located 15 miles west of Smithers. Duthie has not finalized its plans for 1989 but continued underground exploration on the silver-bearing veins is anticipated. Duthie has identified a limited reserve which could be processed through the 50-ton-per-day mill located on the property.

The Company receives a modest revenue from the property through its 7.5% net smelter returns royalty. Further royalties were received from the lessees of both the *Silver Standard Mine* at Hazelton and the high-grade *Silver Lake* property west of Smithers. The *Virginia Silver Mine* which has geological reserves of 22,600 tons grading 19 ounces of silver per ton, was dormant in 1988, however, the Company currently receives an annual minimum royalty of \$25,000 with respect to this property.

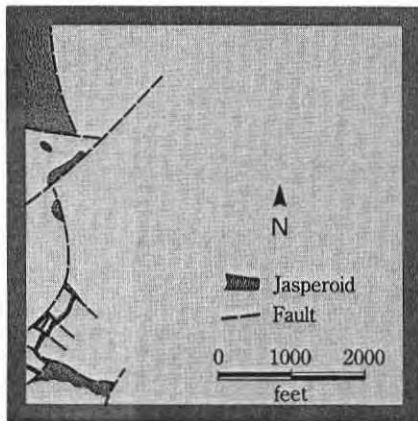


Duthie Mine



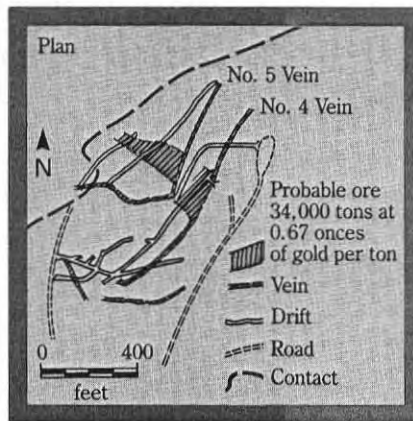
Lord River Gold Mines Limited (Consolidated Silver Standard Mines Limited 25%) has obtained encouraging results from its *Trout Creek* option located 15 miles south of Carlin, Nevada. Drilling of a gold-bearing jasperoid on the property returned significant intersections with the best intersection to date assaying 0.13 ounces of gold per ton over 80 feet near surface. Lord River's immediate objective is to outline 100,000 ounces contained in near-surface reserves and is on its way to reaching this objective. Lord River can earn a 55% property interest by producing a bankable feasibility study and paying annual advance royalties of U.S. \$25,000.

Trout Creek Property



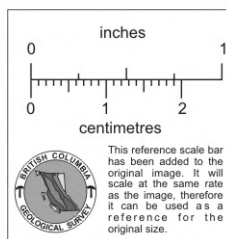
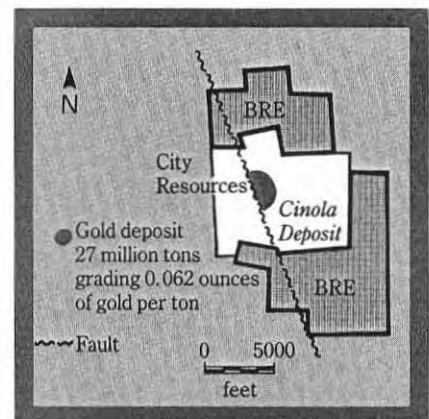
Lord River carried out a \$150,000 underground exploration program on the *Pellaire* gold property located 120 miles north of Vancouver. The Company's joint venture partner, Cathedral Gold Corporation, did not participate in this program. The results confirmed the continuation of the gold-bearing No. 4 and No. 6 Veins, but did not improve on the current geological reserve of 34,000 tons grading 0.67 ounces of gold and 2.3 ounces of silver per ton. The joint venture partners are considering alternative means of advancing this project.

Pellaire Property



Mutual Resources Limited (Consolidated Silver Standard Mines Limited 25%) carried out exploration programs on three of its five properties. Drilling on the 131-claim *Dixie Lake* property located 15 miles south of Red Lake, Ontario confirmed the presence of gold within sulfide-facies iron formation. The best drill intercept to date assayed 0.30 ounces of gold per ton across 6 feet. Surface geophysical surveys have identified a number of anomalies which require follow-up in the coming year. Prospecting on the *TOD* claims located 15 miles east of Flin Flon, Manitoba, confirmed the presence of favourable lithologies which host gold mineralization elsewhere in the area, indicating the need for additional work. Geophysical and geochemical surveys were undertaken on the *BRE* claims which border the *Cinola* gold deposit on the Queen Charlotte Islands. City Resources (Canada) Ltd. has announced that the deposit, containing 27,300,000 tons grading 0.067 ounces of gold per ton, may be placed in production by late 1990. Mutual had \$620,000 in working capital at year-end.

BRE Property



CONSOLIDATED BALANCE SHEET

as at September 30, 1988

Assets

	1988	1987
Current		
Cash	\$ 1,335,494	\$ 1,389,722
Accounts receivable	281,061	330,636
	<u>1,616,555</u>	<u>1,720,358</u>
Investments (Note 2)		
Notes receivable, Western Copper Holdings Limited	649,121	649,121
Other (quoted market value \$469,853; 1987 - \$534,760)	341,382	341,382
	<u>990,503</u>	<u>990,503</u>
Mining Assets		
Mining properties	1	1
Land, building and equipment (Note 3)	15,389	9,114
	<u>15,390</u>	<u>9,115</u>
	<u>\$ 2,622,448</u>	<u>\$ 2,719,976</u>

Liabilities

Current		
Accounts payable	\$ 133,217	\$ 143,987
Shareholders' Equity		
Share Capital (Note 4)	2,089,471	1,855,996
Share Subscriptions	—	184,500
Retained Earnings	399,760	535,493
	<u>2,489,231</u>	<u>2,575,989</u>
	<u>\$ 2,622,448</u>	<u>\$ 2,719,976</u>

Approved by the Directors




Director

Director

CONSOLIDATED STATEMENT OF OPERATIONS

for the year ended September 30, 1988

	1988	1987
Income		
Royalties and options	\$ 146,280	\$ 117,606
Administration and technical services	94,063	105,801
Interest and other	117,284	125,646
	<u>357,627</u>	<u>349,053</u>
Expense		
Salaries and employee benefits	101,687	91,380
General administration	96,448	65,852
Professional fees	29,072	15,098
	<u>227,207</u>	<u>172,330</u>
less: expenses allocated to company properties	24,678	13,635
	<u>202,529</u>	<u>158,695</u>
Earnings Before The Undernoted Items	<u>155,098</u>	<u>190,358</u>
Other Income (Expense)		
Exploration and development costs expensed	(254,581)	(288,274)
Share of loss of equity accounted companies	(36,250)	—
Gain on sale of investments and mining properties	—	863,128
	<u>(290,831)</u>	<u>574,854</u>
Net Earnings (Loss) For The Year	<u>\$(135,733)</u>	<u>\$ 765,212</u>
Earnings (Loss) Per Share	<u>\$(0.05)</u>	<u>\$ 0.28</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the year ended September 30, 1988

	1988	1987
Retained Earnings (Deficit), beginning of year	\$ 535,493	\$(229,719)
Net earnings (loss) for the year	(135,733)	765,212
Retained Earnings, end of year	<u>\$ 399,760</u>	<u>\$ 535,493</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended September 30, 1988

Cash Provided By (Used In) Operating Activities	1988	1987
Earnings before sale of investments and mining properties, exploration and development costs expensed and non-cash charges	\$ 157,373	\$ 192,194
Change in non-cash working capital balances		
Accounts receivable	49,575	(296,278)
Accounts payable and accrued liabilities	(10,770)	98,913
	<u>196,178</u>	<u>(5,171)</u>
Cash Provided By (Used In) Financing Activities		
Note payable and accrued interest	—	(76,493)
Issue of share capital and subscriptions	48,975	205,600
	<u>48,975</u>	<u>129,107</u>
Cash Provided By (Used In) Investment Activities		
Acquisition of investments	—	(300,000)
Exploration and development costs incurred	(254,581)	(288,274)
Purchase of investments	(36,250)	—
Purchase of office equipment	(8,550)	(8,196)
Sale of investments and mining properties	—	931,016
	<u>(299,381)</u>	<u>334,546</u>
Net Increase (Decrease) In Cash During The Year	(54,228)	458,482
Cash, beginning of year	1,389,722	931,240
Cash, end of year	<u>\$ 1,335,494</u>	<u>\$ 1,389,722</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 1988

1. Significant Accounting Policies

Subsidiary companies

These consolidated financial statements include the accounts of Consolidated Silver Standard Mines Limited and all subsidiary companies:

	Percentage ownership
American Standard Explorations Inc.	100.0%
Virginia Silver Mines Limited (N.P.L.)	96.0%

Notes receivable, Western Copper Holdings Limited

The notes receivable, although payable on demand, are excluded from current assets because it is uncertain that the notes will be realized before October 1, 1989.

Other investments

Investments in Lord River Gold Mines Limited and Mutual Resources Limited are accounted for on the equity method. Investments in other companies are carried at cost.

Mining properties

Expenditures on mining properties and exploration and development costs are charged to earnings in the year incurred, except where those costs relate to specific properties which have indicated economically recoverable reserves, in which case they are deferred.

2. Investments

	1988	1987
Notes receivable, Western Copper Holdings Limited:		
Principal amount of notes	\$ 1,218,000	\$ 1,218,000
less: deferred gain on transfer of properties	568,879	568,879
	\$ 649,121	\$ 649,121

Non-interest bearing demand notes for \$1,218,000 were received as partial proceeds on the transfer to Western Copper Holdings Limited in 1985 of the company's interest in three copper properties having a consolidated net book value of \$649,121. The realization of the notes receivable ultimately is dependent on the development or sale of those properties by Western Copper Holdings Limited. Accordingly, the gain on transfer of the properties has been deferred and the notes receivable from Western Copper Holdings Limited, less the deferred gain, stated at the consolidated net book value of the properties transferred.

Other:

	Common Shares	Cost or Written Down Value	Market Value Non-Escrow Shares
Total Energold Mines Ltd. (formerly Erickson Gold Mines Ltd.)	18,530	\$ 269,648	\$ 92,650
Lord River Gold Mines Limited (472,500 shares in escrow)	870,000	—	131,175
Mutual Resources Limited (127,400 shares in escrow)	618,300	—	196,360
Trans Dominion Energy Corp.	64,504	71,734	49,668
		\$ 341,382	\$ 469,853

3. Land, Building And Equipment

	Cost	Accumulated Depreciation	Depreciated Value	Depreciation Straight Line
Land and building	\$ 26,575	\$ 24,075	\$ 2,500	10%
Office equipment	31,638	21,184	10,454	15%
Mining equipment	12,152	9,717	2,435	15%
	\$ 70,365	\$ 54,976	\$ 15,389	

4. Share Capital

Authorized

The authorized capital of the company is 20,000,000 shares without par value.

Issued

	Number of Shares	Share Capital
Balance, beginning of year	2,913,110	\$ 1,855,996
Issued during the year:		
In settlement of subscriptions received in 1987	131,680	184,500
For cash on exercise of stock options	72,500	48,975
Balance, end of year	3,117,290	\$ 2,089,471

Stock options

The company has options outstanding to directors and officers to purchase up to 157,500 shares at prices ranging from \$0.55 to \$0.74 per share and expiring between November 7, 1988 and June 21, 1990.

5. Related Party Transactions

Administration and technical services are shared with affiliated companies which are charged at cost for salaries and office services and at 110% of cost for disbursements made on behalf of them.

6. Income Taxes

The company and its subsidiaries have the following amounts available to reduce income for tax purposes in future years:

	Company	Subsidiaries
Operating losses	\$ —	\$ 30,000
Exploration and development	2,700,000	360,000
	\$ 2,700,000	\$ 390,000

AUDITORS' REPORT

To the Shareholders of
Consolidated Silver Standard Mines Limited.

We have examined the consolidated balance sheet of Consolidated Silver Standard Mines Limited as at September 30, 1988 and the consolidated statements of operations, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at September 30, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

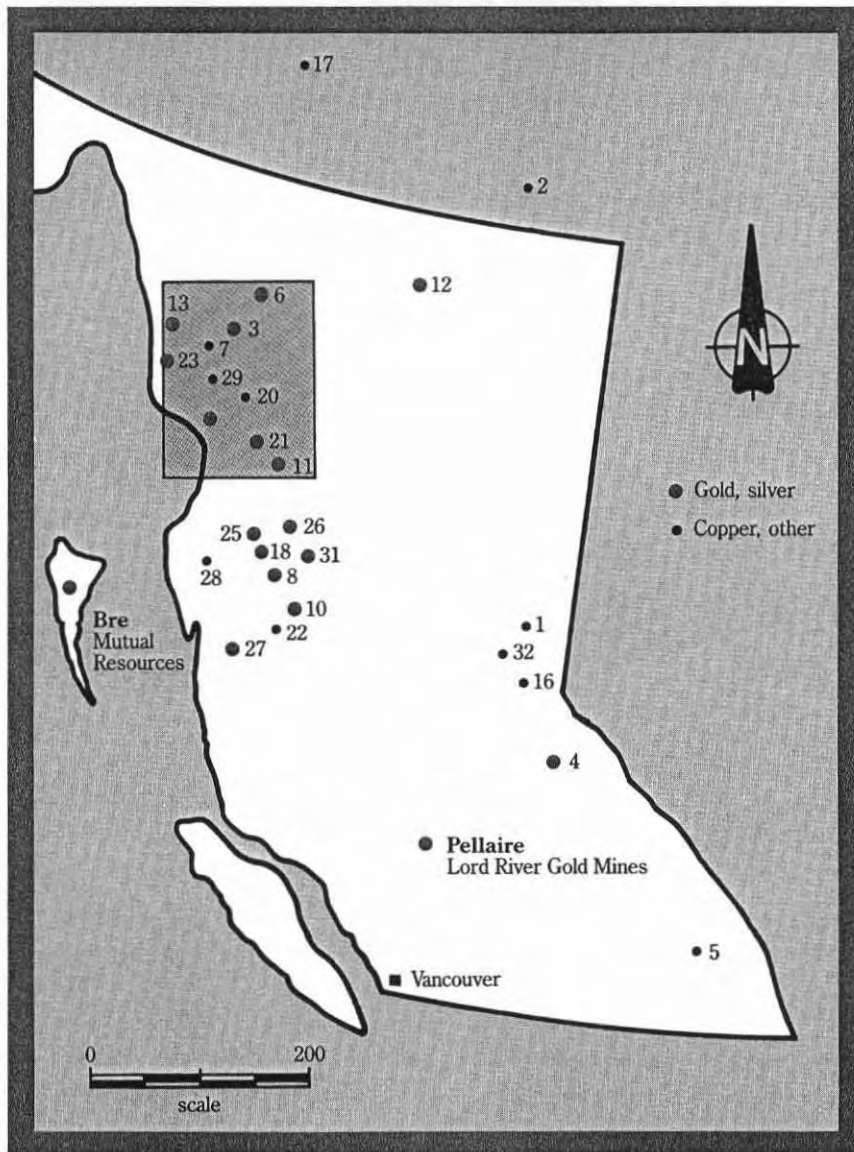
Pannell Ken MacMillan

Vancouver, Canada.
November 7, 1988.

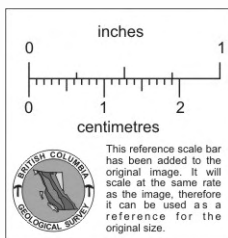
Chartered Accountants

SUMMARY OF PROPERTIES

Mineral Property	Commodity
1. AN	Silica
2. Beaver	Rare earths
3. B.J.	Gold
4. Blue Ice	Gold
5. Blue Jay	Zinc
6. Castle	Gold
7. Copper Canyon	Copper
8. Duthie	Silver
9. Fairservice	Gold
10. Goosly Lake	Silver
11. Haida	Gold
12. Hunter	Gold
13. Jack	Gold
14. Lac Sairs	Rare earths
15. Lay Creek	Copper
16. Longworth	Silica
17. Lucky Joe	Copper
18. Mamie	Gold
19. Morain	Gold
20. Nickel Mountain	Nickel, Copper
21. OCT	Gold
22. Ox Lake	Copper
23. Paydirt	Gold
24. Ridge-Mt. Mye	Lead, Zinc
25. Silver Lake	Silver
26. Silver Standard Mine	Silver
27. Smith-Nash	Gold
28. SIL	Silica
29. Sphaler Creek	Copper
30. Tuscarora	Gold
31. Virginia Silver Mine	Silver
32. WIN	Silica



British Columbia Properties



CORPORATE DIRECTORY

Directors

Ross J. Beaty
Vancouver, B.C.

Robert E. Hallbauer
Vancouver, B.C.

John L. May
Vancouver, B.C.

Robert A. Quartermain
Vancouver, B.C.

Alex C. Ritchie
Vancouver, B.C.

Officers

Robert A. Quartermain
President

John L. May
Vice President

Linda J. Sue
Secretary-Treasurer

Transfer Agent and Registrar

**Montreal Trust Company of
Canada**
510 Burrard Street
Vancouver, B.C.
688 Temperance Street
Toronto, Ontario

Auditors

Pannell Kerr MacGillivray
Vancouver, B.C.

Head Office

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