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With the variety of bioleaching techniques and hydro-metallurgical processes now available for the treatment of arsenic-rich ores, samples from the arsenopyrite-rich Mamie property near Smithers, B.C. are being tested to determine if gold recoveries can be improved. The Mamie deposit contains inferred geological reserves of 60,000 tons grading 0.32 ounces of gold per ton and 3 ounces of silver per ton with zinc and copper credits. There is room for expansion of these reserves along strike and down dip.

70 Zn

A two-hole drilling program, funded by Canamax Resources Inc., was undertaken on our Hemlo West property. The results from the program were disappointing and the claims were returned to the vendor.

On our Dome Mountain property, currently under option, Noranda Inc. drilled two holes in the gold-bearing Cabin Vein on the Grizzly Claim. The results of the drilling are not yet available. Exploration of the property is expected to continue next year. The Company retains a 5% Net Smelter Return interest with respect to its 39 claims on Dome Mountain. These claims are the subject of option agreements between Reako Explorations, Noranda Inc. and Canadian United Minerals.

On the Tuscarora property in Nevada in which the Company has a 2% Net Smelter Return interest, Freeport-McMoRan Gold Company drilled an additional 96 holes this year. The Tuscarora property adjoins the Jerritt Canyon Mine operated by Freeport-McMoRan Gold Company.

The Company recently acquired the 24-claim Fairservice property in the Cameron Lake area of western Ontario. Recent drilling on the property encountered gold mineralization which warrants additional follow-up. Intersections of 0.125 ounces of gold per ton over 12 feet and 0.19 ounces of gold per ton over 15 feet have not been adequately followed-up. Crews are currently drilling on the property.

Your Company is examining exploration opportunities in Eastern Canada and the Western United States to complement our British Columbia mineral property portfolio. With the positive cash position of the Company, management looks forward to successful exploration in 1986.

Yours very truly,

CONSOLIDATED SILVER STANDARD MINES LIMITED



R.A. Quartermain
President