

801085

Silver Standard Mines Ltd.

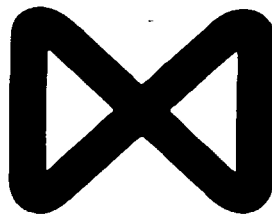
*Note: operates on a 50:50 basis w Hanna Mining (Al Jones!) on all Wash. state projects. Possible source of A.J. quote re S.S. flammets, in re. to which the letter is permitted to side-step 'precarious' geol. sit'ng.*



Draper Dobie

687-2461

- Guinness Tower -



Draper Dobie

Silver Standard Mines Ltd.

April, 1971

---

This analysis has been compiled for statistical purposes only and does not constitute an offer to trade in the securities mentioned. It is based on information which we believe reliable but which we do not guarantee.

## TABLE OF CONTENTS

	Page
Summary and Recommendation .....	1
The Company .....	2
Financing Arrangements – Teck Agreement .....	2
Property Portfolio and Management .....	2
Active Development Programs .....	3
Liard Copper Mines Ltd. – Schaft Creek Property .....	3
Dorita Silver Mines Ltd. – Goosly Lake Property .....	5
Nickel Mountain Mines Ltd. ....	6
Red Ledge Property – Idaho .....	7
Greenwood Property .....	8
Grass Roots Projects .....	9
Stikine Plateau Project .....	9
Coast Range, Cariboo Project .....	10
Dawson Range Project .....	10
Santa Marta Project – Mexico .....	10
American Projects .....	10
Medium Term and Long Term Holdings .....	10
Stikine River Area .....	10
Sphaler Creek Group .....	12
Copper Canyon Group .....	12
Moricetown Silver Property .....	12
Ox Lake Deposit .....	12
Silmonac Mines Ltd. ....	13
Alaskan Asbestos Property .....	13
Gold Property Holdings .....	13
Table Mountain Property .....	13
Blue Ice Property .....	13
Tide Lake Property .....	14
Smith Property .....	14
Pellaire Property .....	14
Financial Position and 1971 Program .....	14
Technical Data .....	15



## Silver Standard Mines Ltd.

*Another Cap.  
Total shares out?*

Price Range 1970: \$2.32 – 1.06  
1971: \$1.70 – 1.30

Current Price: \$1.65  
Listed: SS-Vancouver

### SUMMARY AND RECOMMENDATION

This westcoast junior mining exploration conglomerate is involved in a broad range of interesting projects, several of which are fairly well advanced toward the production decision stage. Of major interest are several large copper prospects. The Company has been successful in continually investigating and acquiring, over the years, interesting properties which they then pursue with a well qualified geological team. Financing through joint ventures with major companies and an exploration agreement with Teck Corp enable the company to participate in wide and varied programs. With 1971 plans well advanced for an active exploration season, the stock is recommended for risk oriented investors seeking participation in mining exploration. While downside risk is limited to the value of the ore already outlined, particularly on the Liard copper property, any success on its exploration program could see the stock move substantially higher.



## THE COMPANY

From incorporation in 1946 through 1955, Silver Standard operated a silver mine and mill at Hazelton, B.C. which generated \$1.7 million in shareholder dividends during its life. As the orebody became exhausted, the Company turned to exploration as an investment outlet for the cash accumulated from production profits. During subsequent years, Silver Standard assembled one of the most diversified and mature property portfolios of any exploration company operating in Western Canada.

## FINANCING ARRANGEMENTS – TECK AGREEMENT

Following the rapid build-up of property inventory in the 1960's, the Company recognized that a major long-term financial arrangement was needed to maintain a satisfactory exploration budget. Teck Corporation Ltd., a diversified Canadian oil and mining conglomerate, consummated the needed financial arrangement with Silver Standard on June 30th, 1969.

The option agreement with Teck provides for an expenditure of \$2.5 million on Company properties over a five year period (commencing 1969) of which one million dollars is a firm commitment and \$1.5 million is at Teck's option. Through the end of 1970, Teck had expended approximately \$758,000 in total on Silver Standard ventures. In consideration, Teck has the option to take down 200,000 shares for the first \$500,000 spent (the equivalent of \$2.50 per share). Additional shares may be taken for the amounts expended over the first \$500,000 at prices based upon the average market price for the preceding ninety days, less the letter stock discount (17½%) allowed by the Vancouver Stock Exchange, but not less than \$1.50 per share. Teck also has an option on a further two million shares exercisable to 400,000 shares per year (cumulative), based on the above formula, provided annual expenditures of \$500,000 are made.

Assuming the maximum commitment is made through the remaining tenure of the agreement, i.e. to June 1974, Teck will have acquired approximately 2,700,000 shares of the approximately 7,400,000 shares of Silver Standard that will be outstanding at that time.

Many of Silver Standard's projects are joint ventured with major U.S. mining concerns. The Teck monies are directed primarily to the "grass roots" exploration program in British Columbia. In all projects undertaken by Silver Standard, Wilson Mining Corporation Ltd. has a five year option from the date of property acquisition to purchase from Silver Standard 10% of the latter's interest for 10% of the amount then expended and expendable in the future. This arrangement has resulted in the referral to Silver Standard by Wilson Mining Corp. of three of the Company's major projects: i.e. Liard Copper, Nickel Mountain and Red Ledge. (Described in the following section).

## PROPERTY PORTFOLIO AND MANAGEMENT

Management's ability to secure interesting exploration properties and simultaneously obtain favourable financing arrangements thereon is apparent in Silver Standard's property portfolio. The properties are obtained by referrals from other concerns, as well as from "grass roots" exploration and contacts of the Company's experienced geological and prospecting staff.



Through a policy of outlining interesting areas and farming out the properties to more senior, cash rich, mining concerns, such as Hecla, Sumitomo and Asarco for development, Silver Standard is able to maintain good positions in a broad range of projects with minimal drains on cash.

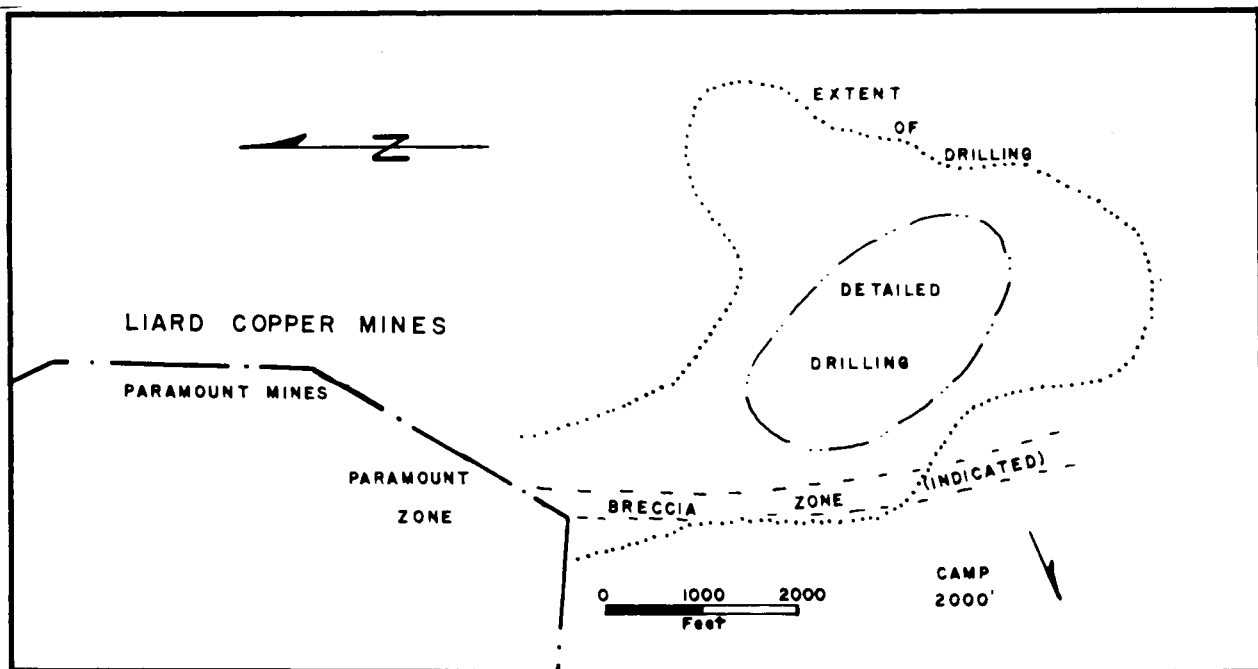
Initial exploration results determine the priority for further development. For this reason, many properties are held in inventory awaiting changes in the priority list which result from such factors as improvements in general area knowledge, accessibility and metal prices. The properties are grouped below in terms of present activity levels, more or less in order of their near term exploration and development potential.

### ACTIVE DEVELOPMENT PROGRAMS:

#### LIARD COPPER MINES LTD. – SCHAFT CREEK PROPERTY

This property, located 40 miles from Telegraph Creek in the Stikine area of B.C., is an interesting porphyry copper prospect. In the early 1960's, exploration on the mineralized area (5,000 ft. by 6,000 ft.) was directed by American Smelting and Refining Company (ASARCO) on a 70%-30% basis with Liard Copper Mines Limited.

After expending \$400,000 and delineating approximately 200 million tons of 0.4% copper and 0.02% molybdenite ore, ASARCO withdrew, as they felt further potential was limited. Immediately thereafter, Hecla Operating Company Ltd. assumed the terms of the ASARCO agreement and committed themselves to additional exploration and drilling. The carried interest of Liard Copper Mines Ltd. in the property remained at 30%, as did Silver Standard's 65% holding in Liard. Thus, Silver Standard maintains an effective 19.5% carried interest in the Schaft Creek property.





Hecla subsequently increased total reserves and ore grade. Inferred reserves now stand at 240 million tons grading 0.418% copper and 0.036% molybdenite (or approximately 0.53% copper equivalent). Development work in 1971 could increase this tonnage significantly. Within the defined ore, 160 million tons of 0.492% copper and 0.041% molybdenite (0.62% copper equivalent) is inferred and, while not as yet included in reserves, a new area called The Breccia Zone appears capable of containing 40 million tons of 0.8% copper equivalent ore. Some portions of the Breccia Zone ore grade over 1% copper equivalent with individual sections running as high as 3%. The zone is indicated to be continuous for 3,000 ft. on the Liard property with extensions flowing onto the adjoining Paramount Mining Company claims. Silver Standard has about a 14% interest in the Paramount exploration agreement which represents the former's only non-carried interest in the area. However, cash outlays required of Silver Standard in the latter agreement average less than \$20,000 per annum. In addition to the grades quoted, gold and silver values (estimated at \$0.70 per ton net) exist in the ore. Preliminary metallurgical studies indicate recoveries will be favourable and open-pit studies forecast the pit will require a low 1.1 stripping ratio.

### **Accessibility**

The relative inaccessibility of the property has been a major deterrent in moving rapidly towards a production decision. However, with completion of the Stewart-Cassiar road, scheduled for early 1973, only a 45 mile road link to the property will be required to be constructed. On completion, 160 miles of road will link the property to existing deep sea terminal facilities at Stewart, B.C. The topography of the area is easily traversable by road and, being leeward at the Coast Range, annual snowfall is light. At the moment, exploration is performed from spring through fall with supplies airlifted by Bristol Freighters to the property's air strip.

### **Program 1970-1971**

In the 1970 field season, Hecla utilized one percussion and two diamond drills on the property for fill-in drilling within the Main Zone. A total of over 70,000 ft. in over 60 holes has been completed since first drilling by ASARCO in 1967. In 1970, Hecla expended \$917,000 at Schaft Creek.

Although Hecla has not detailed their budget for 1971, they have stated work will be continued this year. It is expected the program will be similar to 1970, with the exception that underground bulk sampling may be initiated.

### **Comparable Situations**

Although it is premature to estimate the potential profitability of the Schaft Creek ore, as its full characteristics are not yet known, general comparisons can be made with known producing and developing porphyry projects elsewhere in British Columbia. One assumption is that overall costs will be similar to those of the Highland Valley as the Schaft Creek stripping ratio should be low and the haul to tidewater is relatively short (160 miles against 350 miles).

The Gibraltar ore, which is similar in quoted tonnages, carries a slightly lower grade and does not appear to have as favourable a high grade zone to facilitate a rapid capital pay-back by hygrading the early production years. Capital costs for a 30,000 ton per day mill would probably approach



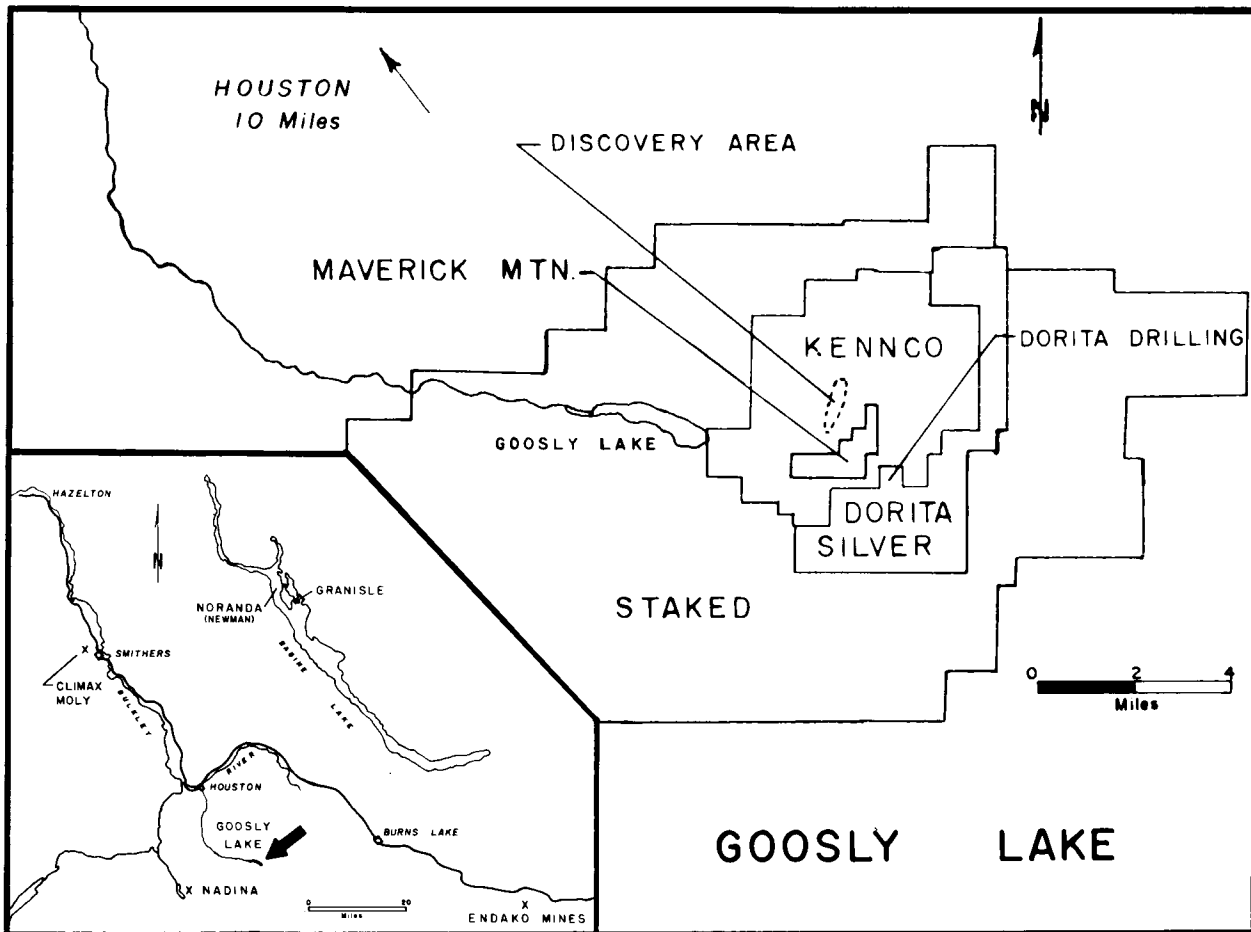
\$100 million compared to Gibraltar's estimated \$75 million. However, the higher grade should offset the additional capital requirements.

Similar general comparisons could be made with any of the Highland Valley porphyry ore deposits and all would indicate viability of the ore, even at its present stage of development. Thus, the Liard investment currently represents Silver Standard's most significant asset.

### DORITA SILVER MINES LTD. – GOOSLY LAKE PROPERTY

By virtue of holding an estimated 67.5% of the outstanding common shares in Dorita Silver Mines as well as a 70% direct property interest, Silver Standard has an approximate 90% effective interest in Dorita's Goosly Lake holdings.

In 1967, Kennecott, encouraged by geochemical results obtained from creek and soil sampling, staked a large block of claims in the Goosly Lake area near Houston, B.C. Detailed follow-up geochemical work in 1968 outlined anomalies which led to drilling and the subsequent delineation of an ore deposit. While no tonnage and grade figures have been released to date by Kennecott, the find is generally "conceded to be a major silver-copper orebody in the range of 100 million tons of \$10.00 to \$15.00 gross value per ton." (George Cross Newsletter – October 23, 1970).







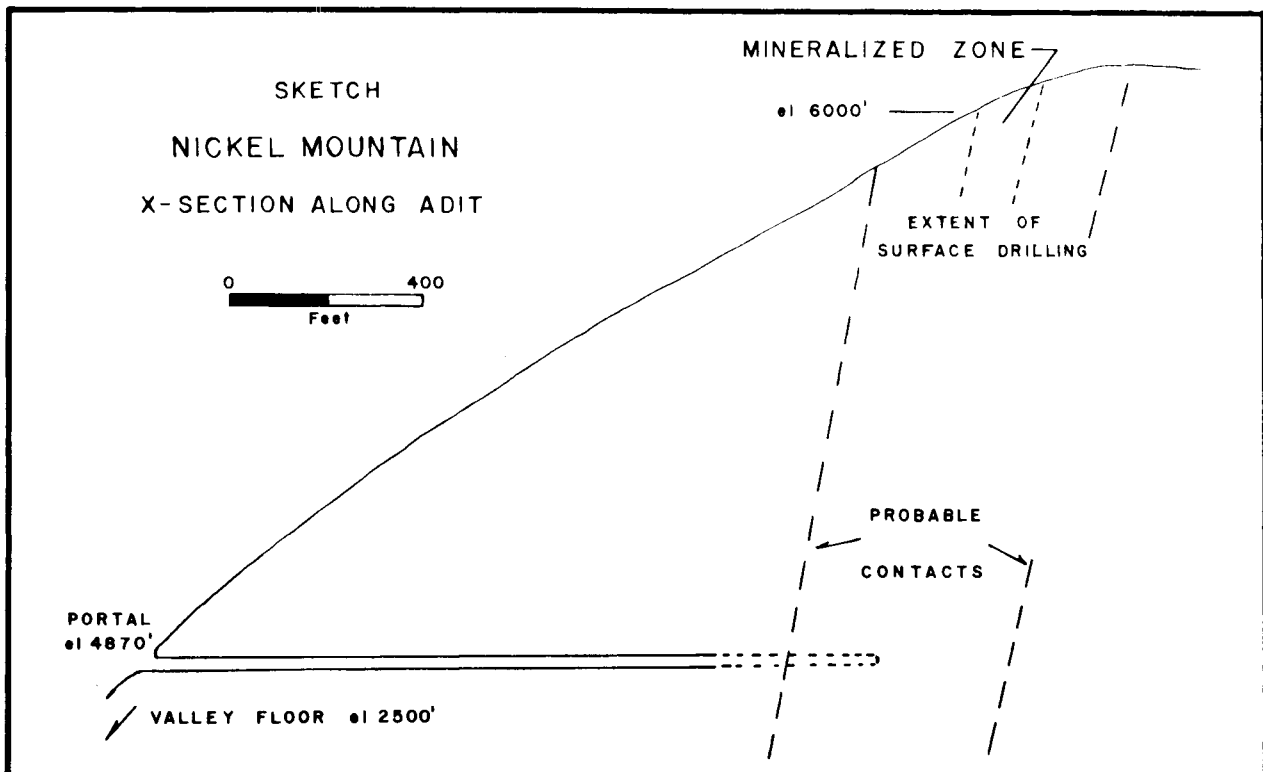
As a result of the rumoured discovery, Dorita staked, in December 1968, a large block of mineral claims which directly adjoin Kennecott's holdings. Subsequently, in 1969 and 1970, geochemical sampling and induced polarization surveys performed outlined several anomalies which appeared to merit drill testing.

In late 1970, a program consisting of four drill holes was undertaken. The first three holes, positioned to test one I.P. anomaly, encountered massive pyrite mineralization with minor copper values, thus explaining the anomalous conditions. However, the geological data received was encouraging to the extent that the mineralization existed in the Hazelton Volcanic series, host rock of the Kennecott ore. The fourth hole was positioned to test a geochemical anomaly to the east and, while the Company has not released the log of the fourth core, it is understood that interesting, but uneconomic, silver-copper mineralization was intersected in favourable structure and in host rock comparable to that of Kennecott's. In 1971, Silver Standard has budgeted for further exploration and drilling. The major work in the area planned by Kennecott and Maverick Mountain for 1971 will increase the interest in this holding.

#### NICKEL MOUNTAIN MINES LTD.

Silver Standard has a 71% interest in Nickel Mountain Mines Ltd. which in turn holds a 40% carried interest on a joint venture basis with Sumitomo Mining Corporation in a nickel-copper property located 30 miles north of Granduc Mines in northwest B.C.

Since staking in 1958, drill programs have outlined approximately 3.2 million tons of 0.80% nickel and 0.62% copper to a depth of 400 ft. from an elevation of 6,000 ft. Grades of 100 ft. in width have assayed over 1% nickel and 0.7% copper with sections up to 10 ft. returning 5% nickel and 1.5% copper. Some additional value in precious minerals is associated with the ore.





Sumitomo in 1970 pursued a very aggressive program, driving an adit of 1,500 ft. at a level 800 ft. below the lowest previous surface drill intersections. It is hoped by Sumitomo that the surface zone extends down through this level and, if such is the case, an operation of 3,000 tons per day would be a feasible target. Diamond drilling ahead of the 1,500 ft. drive encountered the desired host rock and nickel and copper sulphide mineralization existed as anticipated. While there are no conclusive results from this drilling, the favourable indications would suggest further work is warranted.

Sumitomo expended a total of \$540,000 in 1970 on the Nickel Mountain property and negotiations are apparently nearing finalization for a similar but more extensive program for the 1971 season.

The amount and grade of ore inferred to date compares with that of several existing Canadian nickel-copper producers and, therefore, with only a small amount of future success, it is possible that this property could eventually see production. If Sumitomo expends a total of \$20 million on the property, Nickel Mountain's carried interest reduces to 35%.

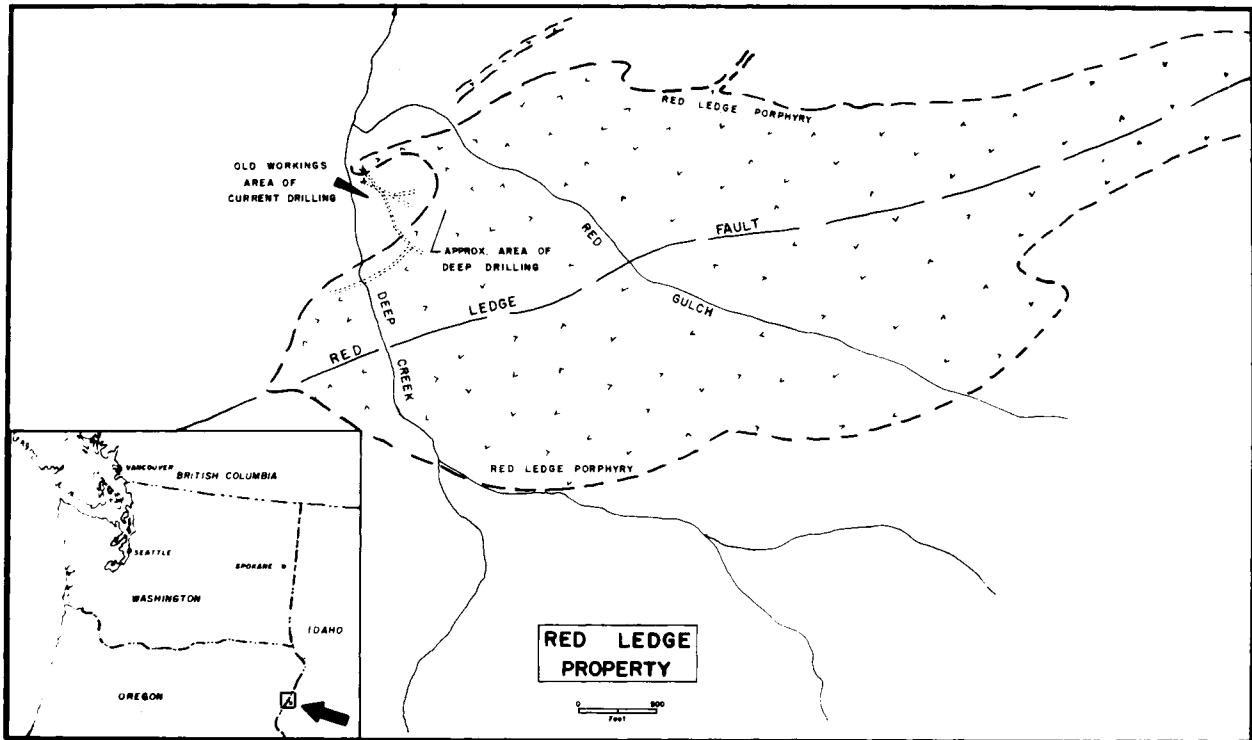
#### **RED LEDGE PROPERTY – IDAHO**

In mid-1970, Silver Standard acquired, through its wholly owned subsidiary, American Standard Explorations, an option on the Red Ledge copper-zinc-silver property in Southwestern Idaho. The option called for a minimum expenditure of \$100,000 (which has been completed) and a total end price of 1.2 million dollars payable at the end of 1973.

The property embodies the whole of a highly altered quartz porphyry plug with dimensions of 12,000 ft. x 3,000 ft. However, to date, the work has been done on only a small portion of this intrusive. High-grade mineralization occurs in several steeply dipping, sub-parallel shear zones with widths averaging 50 ft. or more. Previous work on the property prior to 1928, includes 4,000 ft. of underground workings and 13,000 ft. of drilling, all of which was seemingly performed on a disorganized basis, such that all zones are still wide open to depth and along strike. Tonnage estimates from the previous drilling have approached 1.4 million tons grading 1.39% copper, 1.58% zinc, 1.52 oz. silver and 0.038 oz. gold. Silver Standard's work to date has consisted of two surface and seven underground holes to probe the extensions of the previously known ore. All holes have produced encouraging mineralization, the most spectacular section coming from hole SSU 101 which cut 120 ft. of 1.78% copper, 7.33% zinc and 3.10 oz. silver.

The host rock, the Red Ledge porphyry, is known to be well mineralized over a large area and extensive sections of the altered rock run about 0.2% copper. The mineralization and alteration are very similar to that of many of the major porphyry copper deposits in the United States and, to this end, Cities Services Exploration (a major U.S. oil company) is negotiating with Silver Standard's American subsidiary to explore these large tonnage possibilities.

Starting in late March, 1971, Cities Services would embark upon a minimum program of three-2,000 ft. holes to test the mineralization to depth. Two of these holes are projected to intersect the extension of known structures on their way to total depth.

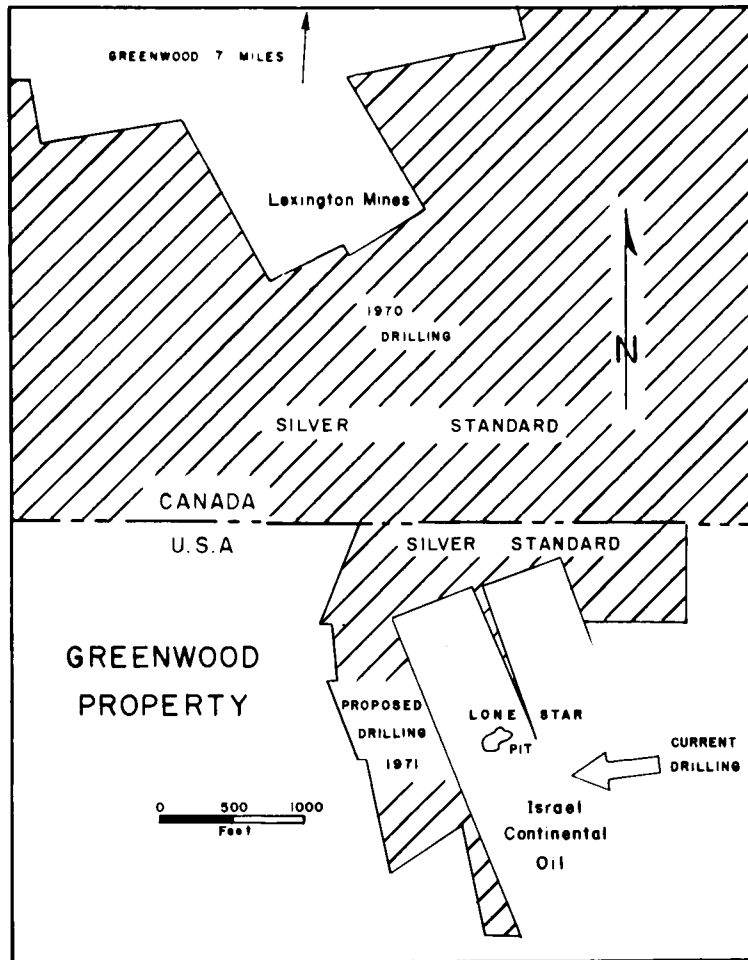


If Cities Services wishes to continue after the initial program, they would receive an option on 70% of the property for 80% of the total purchase price of 1.2 million dollars, plus all costs to production. Thus, Silver Standard would retain a net 30% carried interest if a large lower grade copper operation is deemed feasible. If the large porphyry deposit does not exist, Silver Standard would receive the property back free of any encumbrances from Cities Services, and could then pursue it along the original idea of developing a good grade, medium size operation. The property lies at 2,900 ft. of elevation in a relatively snow-free climate and the present work is just two miles from an all-weather paved highway.

#### **GREENWOOD PROPERTY**

On a joint venture with Kenogamasis Mines Ltd. (20%), Silver Standard (80%) is pursuing a development program on a copper property which straddles the International border near Greenwood, B.C. The extensive mineralized zone has been drilled by several concerns since 1950 and the data accumulated to date indicates a potentially economic copper zone is present. The geologists have not unlocked all ore controls, but hope to pursue a drill program this year to that end. In 1970, 17 percussion holes were drilled in the northern section of the property with most penetrating the flat lying copper zone and returning erratic but encouraging values.

Recent drilling by Israel Continental Oil on claims adjoining the Greenwood Group has returned several high grade, good width sections from a zone which appears to extend onto Silver Standard's holdings. Silver Standard plans to drill on the claims adjacent to Israel Continental's activity this year.



### GRASS ROOT PROJECTS

The main involvement of the Company's geological staff is in raw exploration and several joint venture programs are currently underway, with those in B.C. being financed through Teck Corp. Outside of B.C. most work is financed externally and, thus, Silver Standard is not subjected to an over-exposed position on their financial resources and personnel.

#### STIKINE PLATEAU PROJECT

In the summer of 1970, Silver Standard embarked upon an intensive geological and prospecting program in the Stikine plateau area. This region is in a relatively untouched prolific mineral belt that will be opened by the completion of the Stewart-Cassiar highway in early 1973. Silver Standard's prospectors acquired eight claim groups within ten miles of the highway in 1970. Four of these groups will undergo thorough follow-up in the summer of 1971 and a budget of \$175,000 is ear-marked for this project.

The groups can be briefly described to contain:

1. A large moly-copper geochem anomaly measuring 3,000 ft. x 800 ft. on ground completely covered by glacial debris. Showings off the anomaly have contained visible amounts of copper and molybdenum;



2. A copper-silver property where the mineralization occurs as finely disseminated sulphides in a quartz monzonite porphyry over an area of 800 ft. x 1,200 ft. Some nondescript grab samples have been as high as 1.5% copper and 0.4 oz. of silver with the average grab just under 1% copper;
3. A geochemical anomaly on the contact of a granitic intrusive and the metasediments. The median value runs 1,600 parts per million over a length of 600 ft. on two separate lines 400 ft. apart. This is equivalent to 0.16% copper in the soils; and,
4. A large, partially covered gossan, with high grade copper silver mineralization, found in a slide and a creek directly below the altered area.

The above are considered to be high priority targets, with the possibility of generating some interesting results from the program planned for the summer, 1971.

#### **COAST RANGE, CARIBOO PROJECTS**

Work in these areas has resulted in some staking and a molybdenum property, near Pemberton, B.C. appears to have potential.

#### **DAWSON RANGE PROJECT**

Broad geochemical sampling by a unique helicopter sampling technique yielded some anomalous zones which will undergo further work in summer, 1971.

#### **SANTA MARTHA PROJECT – MEXICO**

Silver Standard holds a 21% interest in a copper situation in southern Mexico. The property contains a large gossan zone just three miles from a paved highway and 20 miles from a seaport. A 10 hole percussion drill program is testing the sulphide zone and further work will be carried out in 1971 if drilling results warrant continuation.

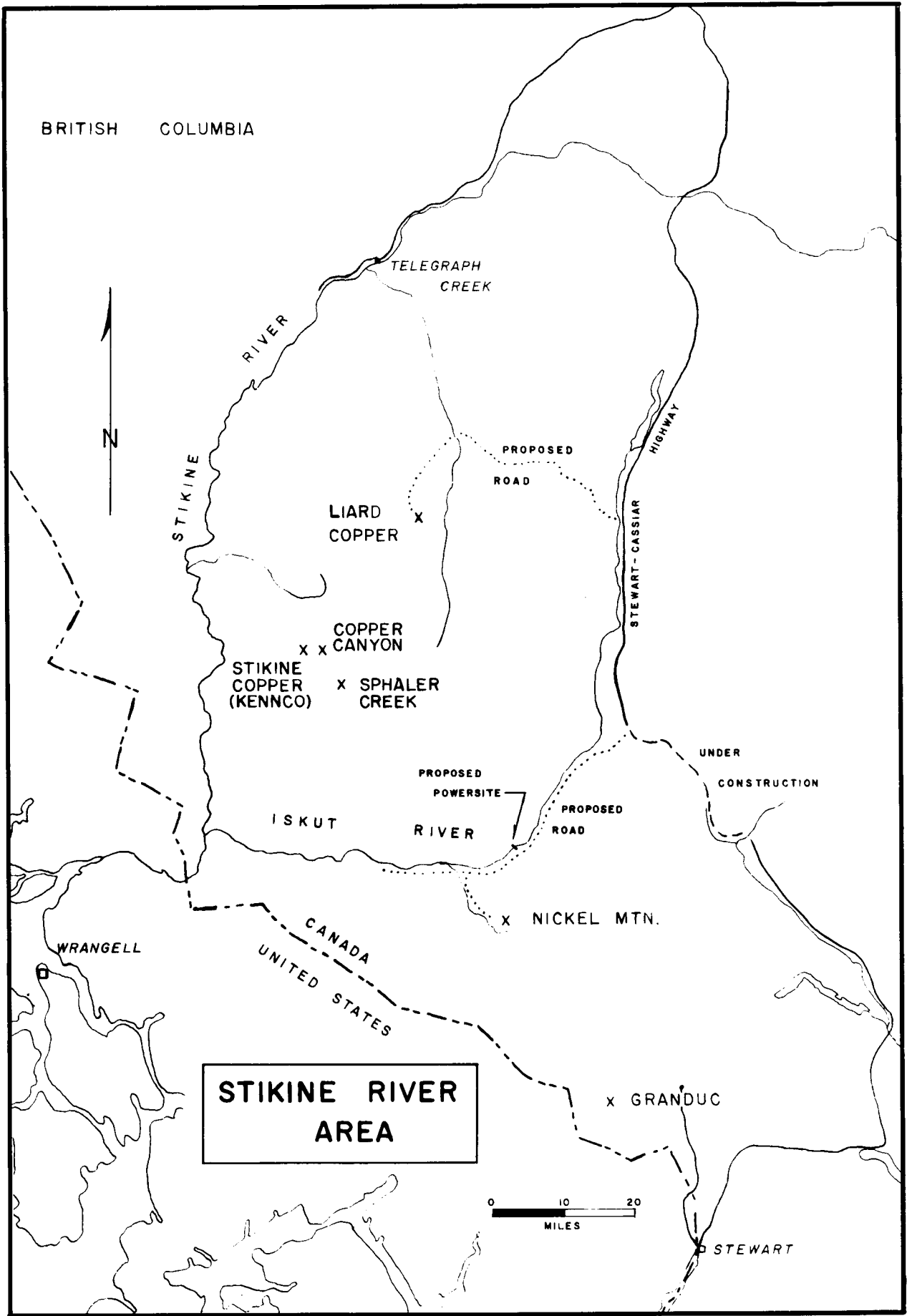
#### **AMERICAN PROJECTS**

On a 50-50 basis with Hanna Mining, Silver Standard operates a syndicate for procuring properties in Washington State. Additional American activity is undertaken by their wholly-owned subsidiary, American Standard Explorations Inc., which has recently resulted in the acquisition of an asbestos property in Oregon and the negotiation of an exploration agreement regarding a copper prospect in Nevada.

### **MEDIUM TERM AND LONG TERM HOLDINGS**

#### **STIKINE RIVER AREA**

The likelihood that Northwestern British Columbia would eventually be easily accessible by good road and rail routes caused Silver Standard to initiate, in 1955, the formation of three syndicates





which, in turn, pursued an ambitious exploration program in the Stikine area. As a result, in addition to their Liard Copper holdings, Silver Standard holds varied interests in several other projects in the Stikine River Area. The syndicate partners include ASARCO, McIntyre Porcupine, Kerr Addison, Scurry Rainbow and Kennecott.

Valuable finds were made through exploration using both broad geochemical programs and follow-up geology in areas with previously known mineral occurrences. However, after 1965 the syndicates began to reduce their exploration commitments awaiting the completion of the Stewart-Cassiar road.

The major groups in which Silver Standard has an interest can be viewed on the accompanying Stikine Area map. All have potential but, as mentioned, further development awaits overcoming the accessibility difficulties. Two of the more prominent properties, together with Silver Standard's interest therein, are outlined below.

**(a) Sphaler Creek Group – Silver Standard 20% (approx.)**

Occurrences of copper mineralization cover five major zones over three miles, varying in width up to 200 ft. No ore projections have been made to date and only vague inferences could be simulated from existing results. A breccia zone, containing grades up to 3% copper, covering an area 200 ft. by 100 ft., shows promise. One 30 ft. channel sample on the property showed 0.26 oz. gold and 6.01% copper per ton. In the summer of 1969, 1,200 ft. of drilling off the high grade zone returned scattered low grade results.

**(b) Copper Canyon Group: – Silver Standard 30%**

The claims in this group completely surround those held by Southwest Potash Corporation (AMAX) located less than two miles from Kennecott's Stikine property. A porphyry zone encompassing an area of one mile by one-half mile is located on AMAX's ground and the presence of 30 million tons of 1% copper has been indicated. The zone and ore extends onto the Copper Canyon Group and any ultimate ore development in the area would require that the properties be joint ventured.

**MORICETOWN SILVER PROPERTY – SILVER STANDARD 70%**

Discovered in the fall of 1967, approximately \$250,000 has been outlaid on the exploration of this property, which is located 25 miles northwest of Smithers on the Trans-Provincial Highway. The silver zone was tested by drifting and diamond drilling along a strike length of 600 ft. and down dip to 400 ft. Grades over mineable widths in the order of four feet disclosed silver values varying from 17 oz. to 60 oz. per ton with 30 oz. per ton being a general average. Unfortunately, additional testing on strike indicated the vein system disappears into a hidden gravel-filled valley and consequently the project was lowered on the priority list. Nevertheless, the favourable location and high grade nature of the ore defined to date will most likely lead to development at some future date.

**OX LAKE DEPOSIT – SILVER STANDARD 45% – ASARCO 45% OTHERS 10%**

Total drilling of 11,000 ft. in 24 holes on this copper-molybdenum prospect was undertaken in late 1969. The property, located 75 miles south of Houston, B.C., was found by Silver Standard's geologists in 1968. On completion of the drilling program, it was decided to freeze further



development as the 30 million tons of mineralization, then inferred, appeared to have questionable profit potential at prevailing metal prices. However, improvement of grade is possible, as values of 0.6% copper equivalent over widths up to 300 ft. were encountered in some areas.

#### **SILMONAC MINES LTD.**

The combined direct share investments of Silver Standard and Dorita Silver Mines in Silmonac Mines Ltd. represents an approximate 22% ownership in the latter company. Production commenced August 1970 with Silmonac's high grade silver, lead, zinc ore being processed through a leased 150 ton per day mill located two miles from their Slocan B.C. property. Initial profits will go towards retiring \$840,000 in pre-production expenses. Silver Standard is entitled to \$33,000. After that point, 49% of profits will flow to Silmonac.

Ore grades indicate a net \$50 per ton after smelter charges will be returned at present silver prices. The probable ore reserves comprise 117,000 tons averaging 16.5 oz. silver, 6% lead and 6% zinc. These reserves are adequate to service the mill for at least four years, but, in March 1971, exploratory drilling, which ceased during the pre-production stage, will recommence with the definition of further ore a possibility.

In the initial months of operation, profits in the order of \$100,000 per month have been obtained, indicating a possible early payout to the shareholders of Silmonac.

#### **ALASKA ASBESTOS PROPERTY**

Silver Standard is a 50% partner in a promising Alaskan asbestos find staked in the 1968-69 season. Initial tests show the ore to have good grade and fibre characteristics. Unfortunately, the Alaskan government, pending a decision on certain land claims by Alaskan natives, has frozen further development work. There nevertheless remains a reasonable likelihood that the freeze will eventually be rescinded or that a settlement will be made with the present holders of the property.

#### **GOLD PROPERTY HOLDINGS**

Over the years, Silver Standard has accumulated various interests in seven gold properties all of which have been subjected to development work in the past. These properties comprise a promising gold portfolio, as even at their present early stage of development, most have economic appearances. This is evidenced in the property sketches provided below.

##### **(a) Table Mountain Property – Silver Standard 51.5%**

On this property, located 10 miles east of Cassiar, B.C. a quartz vein averaging 4 ft. in width has returned assays of 0.70 oz. gold per ton over 1,000 ft. of strike length tested. The vein has been traced for over 7,000 ft. on strike.

##### **(b) Blue Ice Property – Silver Standard 65%**

Located near Kamloops, B.C. this property could be one of Canada's best gold prospects. Surface sampling has indicated that a replacement type ore deposit could be present, containing grades between 0.25 to 0.50 oz. of gold per ton.





**(c) Tide Lake Property – Silver Standard 100%**

The Granduc road passes within three miles of this property on which gold values in the order of 0.5 oz. to 1.0 oz. per ton have been found on the four to six foot wide vein structure.

**(d) Smith Property – Silver Standard 100% (option)**

Located near Kemano, B.C. limited surface work performed to date has indicated ore reserves of 117,000 tons grading 0.92 oz. gold per ton over an average 7.2 foot mining width.

**(e) Pellaire Property – Silver Standard 100%**

Northwest of Bralorne, B.C. work to date has outlined 20,000 tons of gold ore grading over one oz. of gold per ton. It is purported that additional work could substantially increase tonnage.

It is not expensive for Silver Standard to maintain annual assessment on their gold holdings as each group contains only a few claims. At the moment, the Company's exploration emphasis is on the larger tonnage situations described, but under different conditions, the potential of these gold holdings could come to the forefront of the Company's activities.

## **FINANCIAL POSITION AND 1971 PROGRAM**

A strong working capital position and secure source of operating capital give Silver Standard a solid financial position. At the March 31st, 1971 year-end, the Company will show working capital approaching \$600,000, primarily in the form of term deposits. Excluded from these amounts is a sum of approximately \$795,000 in principal and interest due from a Granby Mining Company associate. The subject of litigation for several years, the disputed principal represents the balance on the sale by Silver Standard to Granby interests in 1961 of the Jedway Iron deposit on the Queen Charlotte Islands. In late February 1971, the B.C. Court of Appeal unanimously upheld the ruling of the B.C. Supreme Court which awarded to Silver Standard an amount of \$124,666.15 representing the unpaid balance of accrued interest then due. This judgment indirectly acknowledges the obligation of principal although Granby can choose to pay only the 6% annual interest in perpetuity.

The Teck financing arrangement permits the extensive annual exploration program to be pursued as all of the grass roots projects in B.C. are financed through Teck. Silver Standard's main internal financing requirements are associated with its subsidiary, American Standard Explorations Inc., and for a few properties in B.C. such as Dorita and the Liard Copper-Paramount option.

Revenues from bank interest, Jedway interest accruals and fees charged for syndicate management are enough to generate a cash flow after deducting all general and administrative expenses. In the fiscal year ended March 31st, 1970, the net drain on working capital from exploration, excluding monies generated from the sale of common shares, was limited to approximately \$130,000. Over the 1970-71 season, the net drain will show an amount in the order of \$230,000 with similar amounts projected for the 1971-72 season.

If the total of 187,500 shares under option to employees through December 30th, 1975 (at \$1.52 per share) are exercised, an additional \$90,000 annually would flow to working capital.



Therefore, the present working capital position should be able to support Silver Standard's operations through the mid 1970's.

Including the expected Red Ledge and Liard commitments, total expenditures on properties in which Silver Standard has an interest, programmed for the 1971 field season, totals an estimated \$2.2 million.

### TECHNICAL DATA

Technically, Silver Standard appears poised for a good upward movement. The on-balance volume curve suggests the stock has undergone a lengthy accumulation period and the breakout through the downward trend line could carry the stock into the initial resistance area in the \$2.00 range. Downside support would likely commence at the \$1.40-\$1.45 level with a probable floor of \$1.35. Taking all these factors together, the technical position indicates a high upside potential and probability thereof and a corresponding low downside risk.

Since 1968, the stock has shown the ability to make significant moves on high volumes. The turnover in 1969 was over 4 million shares. The Company has over 3,500 shareholders which demonstrates a widespread investor interest.

