

Killam

886336



Lab

The Company optioned the Lab property located south of the Aurora gold mining district in central Nevada and drilled 2000 feet in 6 holes to test for epithermal style mineralization. The best intersection assayed 0.06 ounces of gold per ton across 10 feet. The option was subsequently terminated.

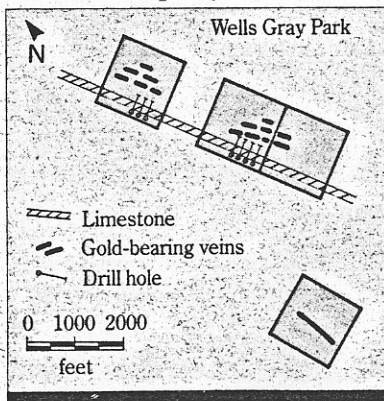
Silica (100%)

The Company carried out sampling on two of its four silica properties this past year. These four properties, Longworth, AN, WIN and SIL, collectively have drill-indicated reserves in excess of 20 million tons grading 99.5 percent SiO₂ with a considerable reserve on each property. Unfortunately current silica prices preclude the near-term development of these properties; however, the Company will continue to maintain these in good standing as a long term asset.

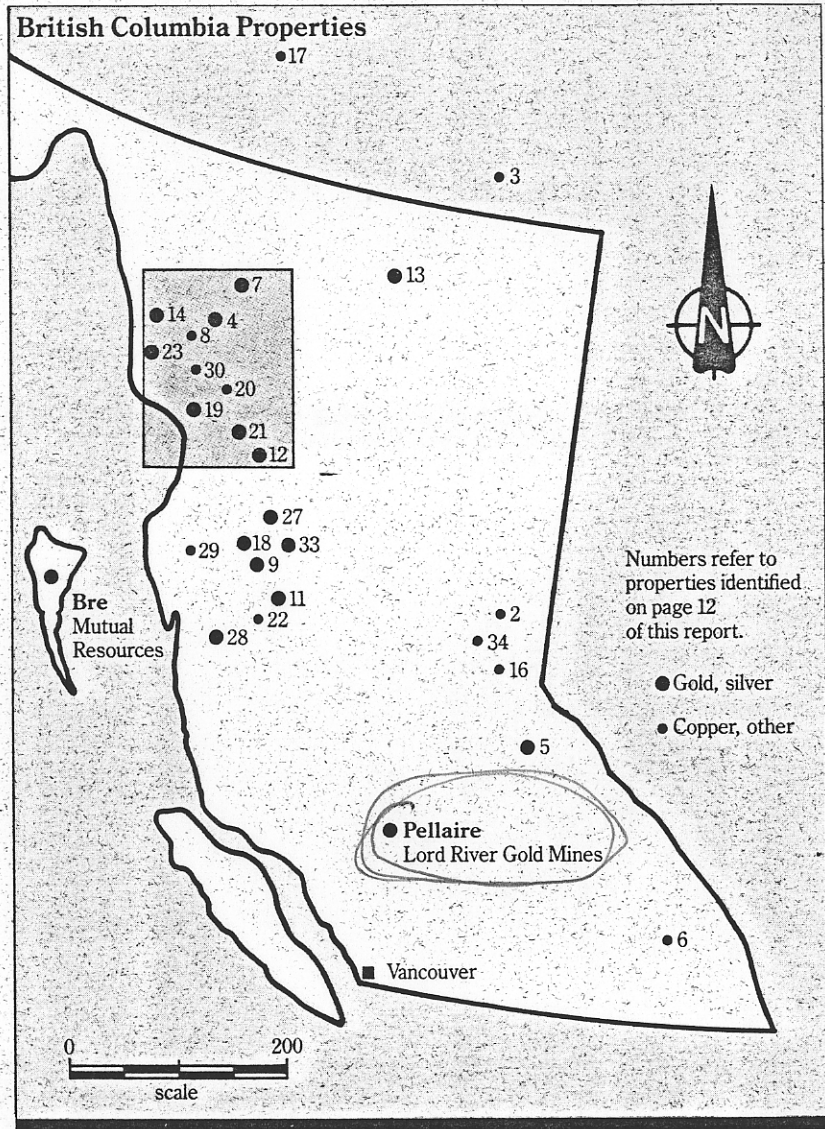
Blue Ice (65%)

The Blue Ice claims situated in the northwest corner of Wells Gray Park cover gold mineralization occurring in quartz veins associated with sulfide

Blue Ice Property



British Columbia Properties



replacement of a limestone horizon. Ten holes previously drilled on the property encountered gold mineralization, with the better intersections assaying 1.55 ounces across 15 feet, 0.70 ounces across 5 feet, 0.35 ounces across 3 feet and 0.21 ounces across 7 feet. The Company has applied for approval to carry out additional surface sampling in the coming field season. The Company holds its

65% property interest under option from Wilson Mining Corporation Limited and may increase this to 75% by spending \$15,000 on the property.

OPERATING PROPERTIES



The Company receives royalties from four leased silver properties in central British Columbia. Duthie Holdings Limited, which is controlled by Bishop Resources Development Limited, carried out a \$120,000 underground exploration program on the Duthie Mine located 15 miles west of Smithers. Drilling was successful

in intersecting sulfides in the silver-bearing Henderson and Ashman Veins, indicating the continuity of the mineralized structures between levels. Duthie has upgraded the crushing circuit of the 50-ton per day mill on the property and is planning to recommence mining early this year. The Company receives a modest revenue from the property

through its 7.5% net smelter return royalty. Further royalties were received from the lessors of both the Silver Standard Mine at Hazelton and the high-grade Silver Lake property west of Smithers. The Virginia Silver Mine, also in the Smithers area, which has geological reserves of 22,600 tons grading 19 ounces of silver per ton, was dormant in 1987.

ASSOCIATED COMPANIES

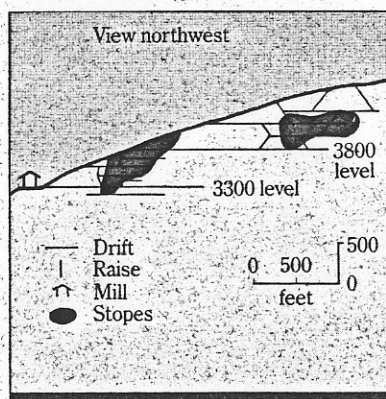
Lord River Gold Mines Limited (Consolidated Silver Standard Mines Limited 27%) and its 50/50 joint venture partner, Cathedral Gold Corporation, carried out a \$450,000 underground and surface exploration program on the Pellaire gold property located 120 miles north of Vancouver. The surface drill program confirmed that the six gold-bearing veins extend more than 600 feet down dip. The underground exploration program encountered encouraging gold mineralization along a vein 160 feet down dip of previous workings. Additional underground work is

planned in 1988 to add to the current geological reserve of 34,000 tons grading 0.67 ounces of gold and 2.3 ounces of silver per ton.

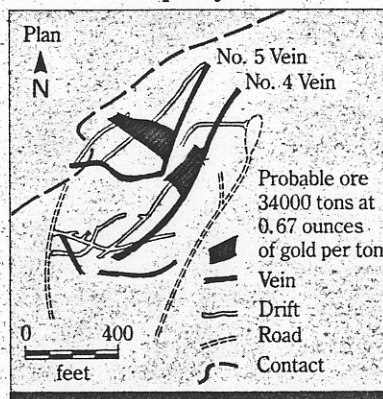
Mutual Resources Limited (Consolidated Silver Standard Mines Limited 25%) undertook exploration programs on two of its four properties. Both land and soil geochemical surveys were carried out on the BRE property located on the Queen Charlotte Islands. The BRE claims border the Cinola gold deposit on the north, east and south. The Cinola deposit has mineable reserves of 27.3 million

tons grading 0.062 ounces of gold per ton. City Resources (Canada) Ltd., which owns the deposit, has announced the results of a feasibility study and its intentions to place the deposit in production in late 1989. A surface sampling program was carried out on Mutual's extensive Gem Lake property in southern Manitoba. Results to date have been mediocre. At year-end, Mutual had \$925,000 in working capital, of which approximately \$200,000 was committed to exploration programs subsequent to the preparation of financial statements.

Duthie Mine



Pellaire Property



BRE Property

