



CANARIM

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of MARCH 1973

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January 25, 1974

SILVER STANDARD MINES a Asarco

1974 Range \$1.65 - \$1.90

Do not update

The Company with its headquarters in Vancouver, is one of the most active junior mining corporations in Canada and U.S.A.

During the last year because of the difficulty in raising risk capital for ventures in British Columbia, the Company directed its efforts towards the Western U.S.A. including Alaska and the Yukon Territory.

To finance the heavy expenditures required to carry out their major exploration programs, the management has entered into joint venture agreements with several major mining corporations which includes Teck Corporation, American Smelting and Refining, Hecla Operating Company and Texas Gulf Sulphur.

The Company has a very attractive portfolio of good base metal and gold properties.

In the Fall of 1973 Silver Standard announced the discovery of a high grade copper orebody on its Minto Copper property located in the Yukon Territory. This new find has attracted widespread interest in the shares. Information on the more important properties is listed below.

MINTO COPPER PROPERTY - YUKON

As a result of a regional geochemical survey carried out by Silver Standard and Asarco in 1970 an area comprising 93 claims was located approximately 150 miles northwest of Whitehorse with anomalous copper values.

During 1971 and 1972 diamond drilling and trenching revealed the presence of good grade copper mineralization over a widespread area.

Follow up drilling in 1973 discovered a new orebody containing several million tons of copper ore.

Dr. R. H. Seraphim, Silver Standard's geological consultant has reviewed the data obtained from last season and has calculated that the Silver Standard - Asarco ground contains reserves of 3.5 million tons of readily open pittable ore grading 2.12% copper, with recoverable precious metal values.

At the present time a road is being constructed to provide direct access to the property from the Klondike Highway at Carmacks.

It is anticipated that this deposit will be brought into production as soon as possible. Preliminary economic studies and metallurgical tests are now being carried out.

Silver Standard is fortunate in having American Smelting and Refining Company as a partner in this joint venture. The latter is a proven mine operator and has all the expertise to raise major financing and to develop a successful operation at Minto.

This property is particularly attractive as besides the above area several mineral zones discovered in previous years still remain to be explored.

CANARIM INVESTMENT CORPORATION LTD.

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LIARD COPPER MINES LTD.

Silver Standard's 20% carried interest in the Schaft Creek property of Liard Copper Mines is another important asset. To date Hecla Operating Company established reserves at 300 million tons sufficient to support a 40,000 tons per day operation for over 20 years.

Access to this deposit is no longer a problem as the Stewart-Cassiar Highway is now completed and the extension of the B.C. Railway to Dease Lake should reach completion in 1974. Furthermore hydro-electric power sites have already been selected.

The grade and tonnage compares favourably with other major deposits in B.C.

		Copper %	Moly %	Combined Grade %
Silver Standard	300 million tons	0.40	0.036	0.51
Lornex	293 " "	0.43	0.014	0.46
Gibraltar	358 " "	0.37	0.016	0.41

Exploration of the Schaft Creek deposit now has been advanced to the point at which only a relatively small amount of fill-in drilling and a program of bulk sampling must be completed prior to carrying out a full engineering feasibility study. However because of the uncertainties in the political climate in British Columbia, Hecla has chosen to delay any further expenditures until these are resolved. But, in view of the recent decision taken by Hudson Bay Mining and Smelting Co. to carry out a feasibility study on the neighbouring Stikine copper deposit, Hecla may also advance Schaft Creek to the feasibility stage this year.

OTHER PROPERTIES

In addition to the above properties Silver Standard holds several interesting gold properties which are being re-evaluated as a result of the substantial rise in the gold price. Asamera Oil is presently financing an underground test of one of the oreshoots at Table Mountain Mines in Northern B.C. Silver Standard holds a 52% interest in this property. In addition the Company holds numerous prospects scattered across Western Canada and the U.S.A.

CONCLUSION

At the present time the price of the shares appear to be heavily influenced by speculation on the potential of the Minto Copper property, located in the Yukon Territories.

The presence of the first orebody has been established. The probability of finding additional ore associated with known mineralized areas is high.

During this summer a major exploration and development program will be carried out on the Minto Property under the direction of Asarco.

In view of the assets in the ground the shares of Silver Standard are grossly undervalued at current market prices.

MINTO PROPERTY - Potential Asset Value per share	\$2.10
SCHAFT CREEK PROPERTY - Potential Asset Value per share	9.37
Indicated present value per share	\$11.47

RECOMMENDATIONS

The shares currently trading at \$1.80 per share represent excellent value. It is anticipated that the shares will be very active this summer and will almost certainly trade between the \$3.00 - \$5.00 level. Any favourable comment on royalties and taxes by the British Columbia Government will also boost the price.

In the Yukon, an enlightened Government attitude towards the mining industry will be a plus factor as the Minto property is developed and placed in production.

Approximate Calculations (Minto Orebody)

Indicated Operating Profit	\$20.00 per ton
Ore Reserves	3.5 million tons @ 2.12% copper
Mill Capacity	2500 tons per day
Annual Production	2500 x 350 = 875,000 tons
Capital Costs	\$25,000,000
Annual Operating Profit	875,000 x \$20 = \$17,500,000
Less Income Tax, Royalties, etc.	7,000,000
Net after tax cash flow	\$10,500,000
* Silver Standard's net after tax cash flow (40% interest)	4,200,000
Indicated Mine Life	4 years
Present Value (\$4,200,000 @ 4 years @ 10% discount)	13,314,000
Less exploration/development costs on Minto property	1,000,000
	<u>\$12,314,000</u>

Present value per share $\frac{\$12,314,000}{5,844,580} = \2.10

* Silver Standard and Asarco must each provide 50% of the funds to be spent on the Minto project up to a total of \$3,000,000. Thereafter Asarco is obliged to provide all further monies to place the property into production. For each \$2,000,000 advanced, Asarco acquires an additional 1% interest in the venture up to a total additional interest of 10%. Under no circumstances can Silver Standard's equity be diluted below 40%.

Approximate Calculations (Schaft Creek Deposit)

Indicated operating profit	\$3.00 per ton
Ore Reserves	300 million tons grading 0.51% Copper Equivalent
Mill Capacity	40,000 tons/day
Annual Production	40,000 x 350 = 14,000,000 tons
Capital Costs	\$200,000,000
Annual Operating Profits	14,000,000 x \$3.00 = 42,000,000
Less income taxes, royalties, etc.	9,800,000
Net after tax cash flow	\$32,200,000
Silver Standard's net after tax cash flow (20% carried interest)	6,440,000
Indicated mine life	20 years
Present value per share $\frac{\$54,804,400}{5,844,580} = \9.37	