

# KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

006652

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✓	W.J.
✓	H.S.
✓	F.M.K.
✓	G.M.H.
	R.D.S.
	B.C.B.
	I.D.B.
	M.D.R.
	J.H.F.
	ECJ.

To W. James ..... From D. M. Hendrick

Subject Silver Standard-Asarco-Minto Drill Project Yukon ..... Date November 16, 1973  
Territory

The attached is a plan of drill locations and assay results as compiled from Northern Miner and George Cross Newsletter.

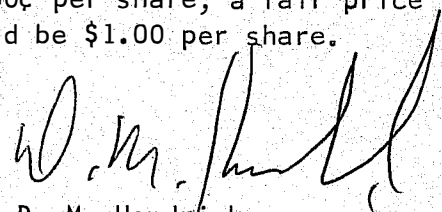
I have calculated drill indicated reserves at 3,800,000 tons containing 2.37% Cu. Silver content is estimated at 0.3 oz. and gold at .01 oz. No allowance is made for dilution and as an underground operation is envisaged, holes grading less than 1% copper were not included in the calculation.

Geologically, a flat lying micaceous diorite gneiss, 10 to 150 feet thick, contains chalcopryite, bornite and chalcocite. The mineralized gneiss is at the contact between a granite gneiss and granodiorite, that trends in a northwest direction with a gentle dip to northeast.

Assuming a seven year life at 1,500 T.P.D. and a N.S.R. of 45¢ Cu. I have calculated the present value (discounted at 10%) of the deposit at 6,100,000, so that Silver Standard's 50% joint venture interest would be worth 52¢ per share at present issued capitalization of 5,844,580 shares.

If the Teck option to purchase 1,600,000 shares was exercised, present value per share of Silver Standard would be 41¢ per share.

Assuming a present asset equity of 60¢ per share, a fair price for the Teck option of Silver Standard share would be \$1.00 per share.

  
D. M. Hendrick.

DMH:cap

NOV 19 1973

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NOV 16 1973

To D. M. Hendrick From W. M. Sirola  
Subject SILVER STANDARD-TECK CORPORATION PROPERTY  
MINTO AREA, Y. T. Date November 14, 1973

Regarding the request from Dr. James on the subject property I have the following information:

- (1) The Teck Corporation option of 1,660,000 shares of Silver Standard at \$1.00 per share remains outstanding.
- (2) According to the Asarco people here the tonnage of 2% copper ore on the Asarco-Silver Standard claims is in the neighbourhood of 5,000,000 tons. This is a drill-indicated tonnage and not an engineering estimate. The actual grade is probably closer to 1.8% Cu + 0.02% Au + 0.3% Ag or the equivalent of 2% Cu.
- (3) The tonnage of 2% copper ore on both the Falconbridge and Silver Standard-Asarco property is in excess of 7,000,000 tons. Preliminary metallurgical tests indicate that 95% of the copper can be recovered in a concentrate assaying 35% Cu.
- (4) The deposit should be open pitable with a maximum waste to ore ratio of 3 : 1.
- (5) The deposit should generate good profits at 65¢ copper and a milling rate of 3000 tons per day.
- (6) From an investment standpoint I would think the stock should be worth \$1.75-\$2.00 per share at such time as production is achieved. This assumes that the stock is worth \$1.00 per share on the basis of other holdings.
- (7) There is a considerable tonnage of 0.5% + copper mineralization which should be mineable at such time as the capital costs plus interest has been returned.
- (8) The ability of Teck Corporation to exercise the balance of their option on Silver Standard shares is unknown to me. The option expires June 30, 1974.

✓	J.H.S.
✓	P.M.K.
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*To* D. M. Hendrick *From* W. M. Sirola  
SILVER STANDARD-TECK CORPORATION PROPERTY  
*Subject* MINTO AREA, Y. T. *Date* November 14, 1973

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- (9) If shares in some quantity could be purchased at an average price of \$1.00 per share, the purchase should be considered. At \$1.50 per share they are not nearly as attractive.

WMS/rb

*Bill*  
W. M. Sirola