

As a precious metal, silver has for centuries been second only to gold as a symbol of wealth. Chiefly because of its attractive colour, resistance to corrosion, favourable alloying properties, and scarcity in comparison with most other metals, silver has found its greatest use in coinage.

However, during the last few decades more and more silver has been demanded by our increasingly diversified technology, and the industrial uses of silver have increased to the present annual consumption of 235,000,000 ounces annually compared to 115,000,000 ounces for coinage.

For the past ten years, despite increased consumption and demand, the price of silver has been held at around 90 cents per ounce and our increasing deficit between supply and demand has been made up by sale of U.S. treasury silver and other lesser sources. In 1961 world consumption of silver (351,000,000 ounces) exceeded production by 135,000,000 ounces and, due to virtual depletion of free treasury stocks, the U.S. treasury placed silver on a free trading basis in November, 1961. Since that time, in spite of Mexican and other sales, silver has been in increasingly short supply and prices have risen from 91.5 cents an ounce to the present \$1.20 an ounce, which with the present rate of exchange is \$1.30 per ounce in Canadian funds.

There seems to be no hope in sight for any effective increase in production to offset this unbalance, as 65 to 70 percent of the world's supply of silver comes as a byproduct from lead-zinc and copper producers who are suffering from over-supply and depressed metal prices and are thus unable to increase production. Mines which are primarily silver producers hold the only hope of increasing production but few of these have substantial new reserves and few major new prospects exist. The gap between supply and demand can therefore be expected to continue. Moreover with its unique physical and chemical properties and uses, silver cannot be seriously threatened with any substitute.

While it is difficult to predict future silver prices, present high levels of demand will certainly be maintained and silver stocks can be expected to enjoy a continued high value regardless of other market trends. Canadian producers will hold an even more attractive position due to political stability, a three year tax free period, favourable mining laws, and a favourable rate of exchange.

Participation in exploration and development of new silver properties is therefore one of the most attractive speculative investments in mining today.

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