

SECOND QUARTER
2002



MESSAGE TO SHAREHOLDERS

Highlights

- Silver Standard formally closed an agreement to acquire a 43.4% interest in the Pirquitas silver-tin-zinc project in Argentina, which hosts a reserve of 125 million ounces of silver as quoted by Sunshine Mining & Refining Company. Silver Standard paid US\$4.34 million, or US\$0.08 per reserve ounce of silver, and the property has significant additional drill-defined silver resources as well as excellent exploration potential.
- At Challacollo in Chile, the company intersected very good grades of silver over significant intervals in a 2,500 meter program completed in June. A new resource calculation is under way.
- Silver Standard completed two programs of diamond drilling at the San Marcial silver property in Mexico and intersected high-grade silver mineralization over significant widths. With good exploration potential for silver and gold mineralization, the company in August exercised its option to acquire Gold-Ore Resources' option to earn a 100% interest in the property.
- Silver Standard made its final payments for the Diablillos silver property in Argentina by issuing 142,970 common shares valued at US\$900,000 to Pacific Rim Mining Corp.
- The company is planning two drilling programs in September: 5,000 meters at Manantial Espejo in Argentina and over 13,500 meters at Bowdens in Australia. Both programs will form part of feasibility studies.
- The company has a busy schedule of conferences and shareholder meetings in the United States from September through early December.
- The company's cash position is \$17 million at the date of this report. This includes the proceeds of a private placement that closed on May 10 and raised \$16.8 million before expenses.

Project Updates

Bowdens, New South Wales, Australia – Australia Silver Standard is planning the next phases of work in mid-September leading to completion of its feasibility study. Site work will include completion of 12,085 meters of reverse circulation drilling and 1,480 meters of diamond drilling of the flat-lying deposit on 25-meter by 25-meter centers. It will also involve bulk sample testing of mineralization from several areas of the deposit in order to complete metallurgical test-work that is necessary for process engineering design.

Challacollo, Region of Tarapaca, Chile – During the quarter, Silver Standard completed a 17-hole, 2,500-meter program of reverse circulation drilling designed to test the northern section of the Lolon vein over a strike length of 1,100 meters as well as Challacollo Sur and the San Francisco vein. Silver Standard optioned Challacollo from Sociedad Contractual Minera Septentrion (SCMS) of Santiago, Chile, sole owner of the property which is located in the Region of Tarapaca 130 kilometers southeast of Iquique.

The objective of the program was to initiate infill drilling of the Lolon vein, one of four known mineralized structures on the property and to test the south and north extensions of the Lolon vein. The program defined a 600-meter long zone of higher grade silver mineralization over intervals ranging from 13.1 to 78.7 feet with the largest intervals in holes CHAG-13 and CHAG-15. CHAG-13 intersected 7.3 ounces of silver per ton, 1.59% lead and elevated levels of zinc over 78.7 feet. CHAG-15 intersected two sections of the Lolon vein, one with 10.2 ounces of silver per ton over 49.2 feet, the second with 9.1 ounces of silver per ton, 2.17% lead and 1.43% zinc over 52.5 feet. CHAG-16 encountered 6.8 ounces of silver per ton over an interval of 36.0 feet and CHAG-22 intersected 6.4 ounces of silver per ton over 62.3 feet, including 9.4 ounces of silver per ton over 32.8 feet.

CHAG-20 tested the San Francisco vein located approximately 800 meters southwest of the Lolon vein. This hole indicated potential for high-grade mineralization over narrow widths with an assay of 16.4 ounces of silver per ton over 6.6 feet.

Based on the results of this program, Silver Standard will continue with its option to purchase the property. Under the terms of an agreement with SCMS, Silver Standard will pay a total consideration of US\$1.5 million staged over two years, subject to an existing 2% royalty and a 2% royalty to the property vendors that can be purchased for US\$1.5 million at any time. The purchase price includes a 5.0% vendor finder's fee. The company also plans to update a previously reported polygonal resource consisting of indicated resources totalling 10.2 million ounces of silver plus inferred resources of an additional 36.9 million ounces.

Diablillos, Salta Province, Argentina – On June 28, 2002, the company made a final US\$900,000 payment to Pacific Rim Mining Corp. for its acquisition of this silver-gold project in northwestern Argentina. Based on the strong performance of the company's shares in June, Silver Standard issued 142,970 common shares (at US\$6.29 per share) to Pacific Rim to fulfill the final two payments under the terms of the agreement.

Manantial Espejo Project, Santa Cruz Province, Argentina – Planning continued through the quarter on a 5,000 meter program of diamond drilling expected to commence in mid-September at the 50%-owned property. Pan American Silver, holder of the other 50%, will share costs with Silver Standard on the US\$1.0 million program. Silver Standard is operator until commencement of a feasibility study.

Sulphurets, British Columbia, Canada – Silver Standard has entered into an option to purchase agreement with a private individual with respect to all of the company's interests in the Sulphurets gold-silver project, the Snowfield property and the Blue Ice claims, all in British Columbia. The optionee has agreed to pay cash of \$3.8 million to Silver Standard. Formal agreements are being completed and the company has received environmental releases from the Government of British Columbia. Upon closing, Silver Standard plans to redeploy these funds to advance core projects and acquire other silver projects.

San Marcial, Sinaloa, Mexico – Subsequent to the end of the quarter, Silver Standard exercised its option to acquire Gold-Ore Resources Ltd.'s option of the San Marcial property. This silver project, situated in the Sierra Madre mountains east of Mazatlan, is located in geology similar to the host rocks of Wheaton River Minerals' Tayoltita mine and Corner Bay Silver's Los Alamos project, both of which host significant silver-dominant resources.

Following its option, Silver Standard conducted two diamond drilling programs (16 holes totalling 2,526.8 meters) to test two parallel, steeply dipping high-grade silver veins along 330 metres (1,080 feet) of strike length to a depth of 150 meters (490 feet). Significant results included 64.5 ounces of silver per ton over 14.9 feet, 27.4 ounces of silver per ton over 24.8 feet and 2.9 ounces of silver per ton over 113 feet.

The company has now entered into an option agreement with the property's Mexican owners and believes there is excellent potential for San Marcial to ultimately meet Silver Standard's minimum project threshold of 20 million ounces of silver resources. In addition, there are at least two gold prospects on the property that require follow-up.

Pirquitas, Jujuy Province, Argentina – On June 27, 2002, Silver Standard and Stonehill Capital Management LLC closed an agreement whereby Silver Standard paid a total of US\$4.34 million to acquire Stonehill's 43.4% interest in Sunshine Argentina, Inc. (See Note 3 after the financial statements.) The holder of the other 56.4% interest is an affiliate of Elliot & Associates of New York, a US\$2 billion family of investment funds.

The Pirquitas project, as previously reported by management of Sunshine Mining and Refining Company, has a proven and probable diluted reserve of 30.4 million tonnes grading 128 grams per tonne silver and 0.17% tin and 0.81% zinc for a total of 125 million ounces of silver, 53,000 tonnes of tin and 248,000 tonnes of zinc, using a 40 gram per tonne silver cutoff. The 43.4% interest represents a total of 59 million ounces of proven and probable reserves.

The overall resource available for mining for the main Pirquitas deposit is 27.98 million tonnes at a grade of 161 grams of silver per tonne for a total of 144,750,000 ounces as calculated by Mine Development Associates (MDA) of Reno, Nevada. In addition to this resource, Sunshine had identified jig tails on the property containing 4.4 million ounces of silver and further pit resources of an additional 60.8 million ounces of silver. These estimates for the jig tails and further pit resources external to the MDA calculated resource have yet to be confirmed by independent third parties. However, they speak to the fact that the property has significant on-site exploration potential.

The MDA resource, along with the jig tails and further pit area resources, total 210 million resource ounces in all categories of silver or 91 million resource ounces of silver to Silver Standard for the 43.4% interest. The purchase price therefore is US\$0.08 per reserve ounce or US\$0.05 per resource ounce, which fits within Silver Standard's purchase criteria.

Silver Standard and Elliot have agreed to keep Pirquitas on a care and maintenance basis pending higher silver prices. Silver Standard is project operator.

Management Discussion and Analysis:

Financial Results

For the three month period ended June 30, 2002, the company incurred a loss of \$1,487,000 (\$0.04 per share), compared to a loss of \$314,000 (\$0.01 per share) in the previous quarter ending March 31, 2002 and to a loss of \$362,000 (\$0.01 per share) for the three months ended June 30, 2001. The net loss for the six-month period ending June 30, 2002 was \$1,801,000 (\$0.05 per share) compared to a loss of \$555,000 (\$0.02 per share) for the first six months of 2001.

Total expenses for the quarter ending June 30, 2002 were \$922,000 compared to \$354,000 in the previous quarter ending March 31, 2002 and \$396,000 in the quarter ending June 30, 2001. Total expenses for the six months ending June 30, 2002 were \$1,276,000 compared to \$644,000 in a similar period in 2001. Expenses in the quarter were \$568,000 higher than the quarter ending March 31, 2002 and \$526,000 higher than the quarter ending June 30, 2001. The large increase in expenses during the second quarter of 2002 compared to the first quarter of 2002 relates in part to non-recurring costs associated with the successful completion of a \$16.8 million financing during the quarter, the timing of expenditures and greater activity levels.

General and administrative expenditures were \$539,000 for the quarter ending June 30, 2002 or \$333,000 higher than the previous quarter ending March 31, 2002. Of the increase, \$95,000 related to costs associated with pro-

ducing and mailing the company's annual report, \$210,000 related to non-recurring services and travel associated with the financing, with the balance related to listing fees and transfer agent costs.

During the quarter ended June 30, 2002, salaries and employee benefits were \$107,000 higher than the previous quarter ending March 31, 2002. During the second quarter, \$101,000 in bonus payments were made to employees and Silver Standard's relatively low salaries were increased. Also during the quarter, mineral exploration and reclamation costs increased \$54,000 and \$47,000 respectively, reflecting increased activity during the quarter.

Investment income for the three months ending June 30, 2002 was \$80,000 compared to \$29,000 in the three months ending March 31, 2002 and \$43,000 to the comparable period in 2001, reflecting more cash available for investment. Investment income for the six months was \$109,000 compared to \$84,000 in 2001.

During the three months ending June 30, 2002, a \$645,000 foreign exchange loss was recorded. This brought the total foreign exchange loss for the year to \$662,000 compared to a gain of \$4,000 in the comparable period in 2001. This large loss during the second quarter relates to the majority of the participants in the \$16.8 million financing completed during the quarter paying in US dollars based on a US/Cdn exchange rate of \$0.63. As the company requires US dollars to meet its various obligations, these US dollars were not converted to Canadian dollars. The Canadian dollar strengthened to \$0.66 (4.8%) by the end of the quarter resulting in the large loss. The Canadian dollar has since declined in value to \$0.64 at the date of this report, resulting in an unrealized \$200,000 foreign exchange gain.

Financial Position and Liquidity

Cash Flow

Cash flow from operations for the three months ending June 30, 2002, after allowing for the effect of changes in non-cash working capital items, was a use of funds of \$1,262,000 compared to a use of \$508,000 in the previous quarter and \$49,000 for a comparable period in 2001. For the six months ending June 30, 2002, the use of funds was \$1,770,000 compared to a use of \$327,000 in the previous year. During the current quarter, a total of \$20,558,000 was raised through the issuance of shares bringing the total raised during the year to \$22,454,000. During the quarter, \$16,800,000 was raised, before share issuance costs, through the private placement, \$2,636,000 was raised through the exercise of warrants and \$1,122,000 was raised through the exercise of options. Cash expenditures on properties during the quarter were \$5,766,000 and of this amount, \$4,599,000 related to the acquisition and other costs of the Pirquitas property.

Cash Resources and Liquidity

Working capital, including cash of \$18,444,000, was \$16,304,000 at June 30, 2002. This compares to working capital of \$5,520,000 at December 31, 2001 – an increase of \$10,784,000 for the year. The company has sufficient funds to meet all of its obligations and planned expenditures over the next year.

Fall Conferences and Shareholder Updates

On September 23 and 24, the company will be participating in the New York Institutional Gold Conference to be held at the Marriott Marquis. In addition, we are planning shareholder updates in Atlanta, Chicago, Denver, San Diego and Los Angeles through early October. For dates and locations of meeting, please contact Paul LaFontaine, director of investor relations, toll-free at 888-338-0046. The company will also be part of the San Francisco Precious Metals Conference to be held December 1 and 2.

On October 23, BBC Worldwide will broadcast a short segment on Silver Standard as part of its coverage of mining companies. Filming will take place in Vancouver and at the company's Shafter, Texas silver property in early September. Contact Investor Relations for updated information on air times.

Outlook

This fall, we will undertake major drilling programs in Argentina and Australia as part of our ongoing program to advance properties toward production when silver prices warrant. We are also continuing to look for new silver acquisition opportunities to increase the size of our silver portfolio which currently totals 225 million ounces of measured and indicated silver resources, plus inferred resources totalling another 275 million ounces of silver. With one of the largest silver property portfolios among public companies and its best ever working capital position, Silver Standard has never been stronger.

On Behalf of the Board.



Robert A. Quartermain

President

August 23, 2002

CONSOLIDATED BALANCE SHEETS

(expressed in thousands of Canadian dollars, except number of shares)

	June 30, 2002 (unaudited)	December 31, 2001 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 18,444	\$ 5,577
Accounts receivable	339	209
Prepaid expenses	169	178
	18,952	5,964
Reclamation deposits	98	110
Investments	377	100
Mineral property costs	48,774	39,136
Fixed assets	84	89
	\$ 68,285	\$ 45,399
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 443	\$ 422
Current portion of long-term debt	161	22
Convertible debenture (note 3)	2,044	-
	2,648	444
Provision for reclamation	535	503
Long-term debt	129	143
Mineral property payable	199	3,326
Minority interest	-	45
	3,511	4,461
SHAREHOLDERS' EQUITY		
Capital stock (note 4)		
Authorized		
100,000,000 common shares without par value		
Issued		
37,747,754 common shares (2001 - 30,913,953)	92,071	66,108
Value assigned to warrants and options	-	326
Deficit	(27,297)	(25,496)
	64,774	40,938
	\$ 68,285	\$ 45,399

Nature of operations (note 1)

Subsequent events (note 7)

Approved by the Board of Directors:

R.A. Quartermain
Director

R.E. Gordon Davis
Director

(The accompanying notes are an integral part of the consolidated financial statements.)



CONSOLIDATED STATEMENTS OF LOSS & DEFICIT

(expressed in thousands of Canadian dollars, except number of shares
and per share amounts – unaudited)

	Three months ended June 30 2002		2001		Six months ended June 30 2002		2001	
Expenses								
Property examination and exploration	\$	90	\$	16	\$	126	\$	33
Reclamation		52		12		57		20
Depreciation		5		5		11		10
General and administration		539		278		745		396
Professional fees		55		23		82		51
Salaries and employee benefits		181		62		255		134
		(922)		(396)		(1,276)		(644)
Other income (expenses)								
Investment income		80		43		109		84
Investment gain on sale		-		-		28		-
Gain on sale of mineral property		-		-		-		1
Foreign exchange gain (loss)		(645)		(9)		(662)		4
		(565)		34		(525)		89
Loss for the period		(1,487)		(362)		(1,801)		(555)
Deficit - Beginning of period		(25,810)		(22,312)		(25,496)		(22,119)
Deficit – End of period	\$	(27,297)	\$	(22,674)	\$	(27,297)	\$	(22,674)
Weighted average number of shares outstanding		35,470,285		25,193,349		32,965,388		24,931,487
Basic and diluted loss per common share	\$	(0.04)	\$	(0.01)	\$	(0.05)	\$	(0.02)

(The accompanying notes are an integral part of the consolidated
financial statements.)

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in thousands of Canadian dollars – unaudited)

	Three months ended June 30 2002		2001		Six months ended June 30 2002		2001	
Cash flows from operating activities								
Loss for the period	\$	(1,487)	\$	(362)	\$	(1,801)	\$	(555)
Items not affecting cash								
Depreciation		5		5		11		10
Donation made in shares		-		-		41		-
		(1,482)		(357)		(1,749)		(545)
Changes in non-cash working capital items – net of acquisitions								
Accounts receivable and prepaid expenses		181		1		117		(90)
Accounts payable and accrued liabilities		39		307		(138)		308
		(1,262)		(49)		(1,770)		(327)
Cash flows from financing activities								
Shares issued for cash		20,558		2,445		22,454		3,712
Share issue cash costs		(151)		-		(151)		-
Repayment of long-term debt		(7)		(12)		(14)		(19)
		20,400		2,433		22,289		3,693
Cash flows from investing activities								
Mineral property costs		(5,766)		(839)		(7,413)		(1,677)
Purchase of fixed assets		(1)		(5)		(6)		(10)
Purchase of joint venture		-		-		34		-
Proceeds on sale of fixed assets		-		-		-		43
Foreign exchange		-		(1)		-		(6)
Sale/purchase of investment (net)		-		-		(277)		-
Minority interest buy out		-		-		(2)		-
Reclamation deposit (advance) recovery		-		-		12		-
		(5,767)		(845)		(7,652)		(1,650)
Increase in cash and cash equivalents		13,371		1,539		12,867		1,716
Cash and cash equivalents - Beginning of period		5,073		3,486		5,577		3,309
Cash and cash equivalents - End of period	\$	18,444	\$	5,025	\$	18,444	\$	5,025

Supplemental cash flow information (note 5)

(The accompanying notes are an integral part of the consolidated
financial statements.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(expressed in thousands of Canadian dollars)

1. NATURE OF OPERATIONS

The company is in the process of acquiring, exploring and developing silver mineral properties. The company plans to develop the properties to bring them to production, structure joint ventures with others, option or lease properties to third parties, or sell the properties outright. The company has not determined whether these properties contain ore reserves that are economically recoverable and the company is considered to be in the exploration stage.

Management has estimated that the company will have adequate funds from existing working capital, and proceeds from exercise of share purchase warrants and options to meet its corporate administrative and property obligations for the coming year. The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the company to obtain necessary financing to complete the development, and upon future profitable production.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) These interim financial statements follow the same accounting policies as the most recent annual financial statements of the company. They do not contain all the information required for annual financial statements and should be read in conjunction with the annual financial statements of the company.

(b) Foreign exchange translation

Effective January 1, 2002 the company adopted the revised recommendations of the Canadian Institute of Chartered Accountants for the translation of foreign currencies. Foreign exchange gains and losses for long-term debt not associated with self-sustaining foreign operations are no longer deferred and amortized over the term of the debt, but charged to earnings in the period they arise. There were no unamortized foreign exchange losses on long-term debt as at December 31, 2001 and consequently no adjustment to reduce opening retained earnings was necessary.

3. ACQUISITION

On June 27, 2002, the company acquired a 43.4% interest in Sunshine Argentina, Inc. – a company that owns the Pirquitas silver project. The company paid US \$3.0 million in cash and issued a US \$1.34 million convertible debenture for a total of \$6,596,000. The company assigned the purchase price to acquisition costs relating to the Pirquitas property.

The convertible debenture matures on June 26, 2003 with interest to be paid in cash on maturity at 10%. The debenture is convertible at the election of the vendor into common shares of the company at a price of \$5.80 per share. The company has recorded the debenture as a current liability as the fair value of the equity commitment is not material.

4. OUTSTANDING SHARES AND RELATED INFORMATION

(a) Shares

During the six months ending June 30, 2002 the company:

- (i) Completed in May a \$16,800,000 private placement and issued 4,200,000 units at \$4.00 per share. Each unit consisted of one common share and one common share purchase warrant exercisable into 4,200,000 common shares at \$4.80 per share until May 10, 2004. The company issued 80,640 units and paid \$112,697 in cash as finders' fees for the private placement;
- (ii) Issued 1,317,010 shares for proceeds of \$4,006,642 pursuant to the exercise of common share purchase warrants.
- (iii) Issued 629,234 shares for proceeds of \$1,647,226 pursuant to the exercise of stock options;
- (iv) Issued 596,917 shares with a value of \$3,280,030 relating to the acquisition of properties, including the final payment obligations relating to the Diablillos property acquisition; and
- (v) Issued 10,000 shares with a value of \$40,700 relating to a donation.

(b) Warrants

At June 30, 2002, 5,523,900 share purchase warrants were issued and outstanding at exercise prices ranging from \$1.50 to \$4.80 with weighted average remaining lives of 0.3 years to 1.9 years.

(c) Options

During the period ending June 30, 2002 the company granted 376,100 common share stock options to directors and employees and 8,900 to a non-employee of the company. The total number of options outstanding at the end of the quarter were 1,148,541, with prices ranging from \$1.90 to \$4.25 with weighted average remaining lines of 2.3 years to 4.5 years.

Subsequent to June 30, 2002, the company granted an additional 443,400 common share stock options to directors, officers, employees and consultants for a period of five years expiring August 2, 2007. The exercise price is \$8.00 per common share.

Effective January 1, 2002, the company has adopted the new accounting standard for stock-based compensation. The company has elected to follow the intrinsic value method of accounting for share options granted to employees and directors. Under this method, no compensation expense will be recorded if the exercise price of the share options were granted at market and accordingly, no compensation expense was recognized on the 376,100 common shares issued during the period ending June 30, 2002 to directors and employees. Had the company followed the fair value method of accounting, the company would have recorded a compensation expense of \$541,000 pursuant to the share options issued to June 30, 2002. Pro forma earnings information determined under the fair value method of accounting for stock options is as follows:

Six months ended June 30, 2002

Net loss for the period	As reported	\$ 1,801,000
	Pro-Forma	\$ 2,342,000
Basic and diluted loss per share	As reported	\$ 0.05
	Pro-Forma	\$ 0.07

The fair values of options have been estimated using an option-pricing model with the following assumptions:

- | | |
|--|------------------------------|
| (i) Average risk-free interest rate 3.5% | (ii) Expected life 2.5 years |
| (iii) Expected volatility 50% | (iv) Expected dividends nil |

Under the new accounting standard the 8,900 options granted to a non-employee was valued under the fair value method using the same option-pricing model assumptions. A \$13,000 value has been reflected in the financials under shareholders' equity.

5. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001
Non-cash financing activities				
Shares issues to extinguish mineral property payable	1,367,000	–	3,280,000	–
Shares issued for donation	–	–	41,000	–
Option value assigned to mineral property	–	–	13,000	–
Shares issued for finders' fee	–	48,000	322,000	48,000
Finders' fee satisfied by issue of shares	–	(48,000)	(322,000)	(48,000)
	1,367,000	–	3,334,000	–

	Three months ended June 30		Six months ended June 30	
	2002	2001	2002	2001
Non-cash investing activities				
Option value assigned to mineral property	–	–	(13,000)	–
Convertible debenture issued for mineral properties	(2,044,000)	–	(2,044,000)	–
Minority interest buy-out assigned to mineral property	–	–	(43,000)	–
Mineral property value assigned on acquisition	–	–	(125,000)	–
	(2,044,000)	–	(2,225,000)	–

6. SEGMENTED FINANCIAL INFORMATION

	Six months ended June 30, 2002				
	Canada	United States	Latin America	Australia	Consolidated
Fixed assets	78,000	–	5,000	1,000	84,000
Mineral property costs	3,649,000	7,038,000	23,226,000	14,861,000	48,774,000
	3,727,000	7,038,000	23,231,000	14,862,000	48,858,000

	Year ended December 31, 2001				
	Canada	United States	Latin America	Australia	Consolidated
Fixed assets	82,000	–	6,000	1,000	89,000
Mineral property costs	3,649,000	6,411,000	14,375,000	14,701,000	39,136,000
	3,731,000	6,411,000	14,381,000	14,702,000	39,225,000

7. SUBSEQUENT EVENTS

In August, the company exercised its option to acquire all of Gold-Ore Resources Ltd.'s option to earn a 100% interest in the San Marcial property in Mexico. Under the terms of the agreements with Gold-Ore, the company paid Gold-Ore US \$150,000 in cash and issued 45,706 common shares of the company with a value of US \$200,000.

