Silver Standard Resources Inc.

Silver Standard Closes Formal Agreement To Acquire 43.4% Interest In Pirquita Silver Project, Argentina

Silver Standard Resources Inc. reports the closing of a formal agreement with Stonehill Capital Management of New York in which Silver Standard has acquired a 43.4% interest in the Pirquitas silver project in northern Argentina. Under the terms of the agreement, Silver Standard paid Stonehill US$3.0 million in cash and issued a US$1.34 million convertible note with a one-year term and an interest rate of 10%. The note is convertible at the election of Stonehill into common shares of Silver Standard at a price of C$5.80 per share, the closing price of the company's shares on May 17, 2002. Silver Standard now holds a 43.4% interest in Sunshine Argentina, Inc., owner of the property and a former subsidiary of Sunshine Mining and Refining Company.

The Pirquitas project, as previously reported by Sunshine, 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. This reserve contains a total of 129 million ounces of silver, 53,000 tonnes of tin and 248,000 tonnes of zinc using a 40 gram per tonne silver cutoff. Silver Standard's 43.4% interest represents 59 million ounces of proven and probable silver reserves.

The overall resource available for mining for the main Pirquitas deposit is 27.983 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 totalling 593,000 tonnes at 234 grams per tonne of silver, 0.37% tin and 0.13% zinc containing 4.4 million ounces. Sunshine had also identified further pit area resources of 22.8 million tonnes at 83 grams of silver per tonne, 0.6% tin and 0.36% zinc, for an additional 60.8 million resource ounces of silver. The jig tails and further pit resources identified by Sunshine speak to the potential to increase reserves and resources on the property, and Silver Standard will use such figures in its reports only when these resources are in compliance with Canada's National Instrument 43-101.

Sunshine purchased the Pirquitas project in 1995 and subsequently spent in excess of US$25 million outlining the resource and undertaking a feasibility study. Sunshine completed the study in 1999 and supplemented it with additional work in 2000. Sunshine Argentina holds all of the surface rights covering the mineralization and planned mill and plant facilities. The project is unencumbered by any royalties other than those payable to the state, and is fully permitted for production with an operating permit granted in July 1999.

In Sunshine's feasibility study, capital costs were estimated at US$133 million. The mine was projected to produce 11 million ounces of silver per year as well as 3,200 tonnes of tin and 16,300 tonnes of zinc over a projected 9.3-year mine life. Sunshine estimated total cash operating costs at US$1.53 per ounce of silver after by-product credits. Silver Standard believes that with current economic conditions in Argentina a review of the reserves and feasibility study is required to refine Sunshine's work.

Affiliates of Stonehill and Highwood Partners L.P., creditors of Sunshine, exercised their right earlier this year to acquire 100% of Sunshine Argentina from Sunshine. Affiliates of Highwood Partners of New York, part of a US$2 billion family of investment funds, are the majority partner with a 56.6% interest in Pirquitas. Highwood Partners has agreed that Silver Standard will be operator of the project and, until such time as silver prices warrant a production decision, the property will be kept on a care and maintenance basis and costs will be shared pro rata.

Silver Standard is a significant silver resource company with projects in Australia, Argentina, Chile, Mexico, and the United States. On conclusion of the Pirquitas transaction, Silver Standard will have in excess of C$18.0 million in cash, and measured and indicated and resources of 230.3 million ounces of silver. With additional inferred resources of 275.4 million ounces of silver, the company's resources in all categories now exceed 500 million ounces of silver. Silver Standard is actively advancing its portfolio with drill programs now under way at Challacollo in Chile and San Marical in Mexico, and fall drilling programs planned at Bowdens in Australia and Manantial Espejo in Argentina.

For further information, contact:

Robert A. Quartermain, President
Silver Standard Resources Inc.
Vancouver, B.C.
(604) 689-3846

Paul LaFontaine, Director, Investor Relations
Silver Standard Resources Inc.
Vancouver, B.C.
N.A. toll-free: (888) 338-0046

Direct: (604) 484-8212
E-Mail: invest@silverstandard.com

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