

5<sup>th</sup> October 2016

Company Announcement Officer  
 ASX Limited  
 Exchange Centre  
 20 Bridge Street  
 SYDNEY NSW 2000

## CONSOLIDATION OF BOWDENS SILVER ACREAGE POSITION

### Highlights

- Completion of Joint Venture for the expansion of Bowdens Silver acreage position
- Silver Mines Earning an 80% in a project adjoining to the west of Bowdens Silver
- High order polymetallic exploration targets (silver, gold, zinc and lead)
- Exploration program currently being planned

### Introduction

Silver Mines Limited (ASX:SVL) (“Silver Mines” or “the Company”) is pleased to advise the completion of Farm-in and Joint Venture documentation with Thomson Resources Limited (ASX:TMZ) (“Thomson Resources”) with regards to EL7391 which is contiguous with the Company’s flagship Bowdens Silver Project (“Bowdens Silver”) located near Mudgee, New South Wales. See Figure 1.

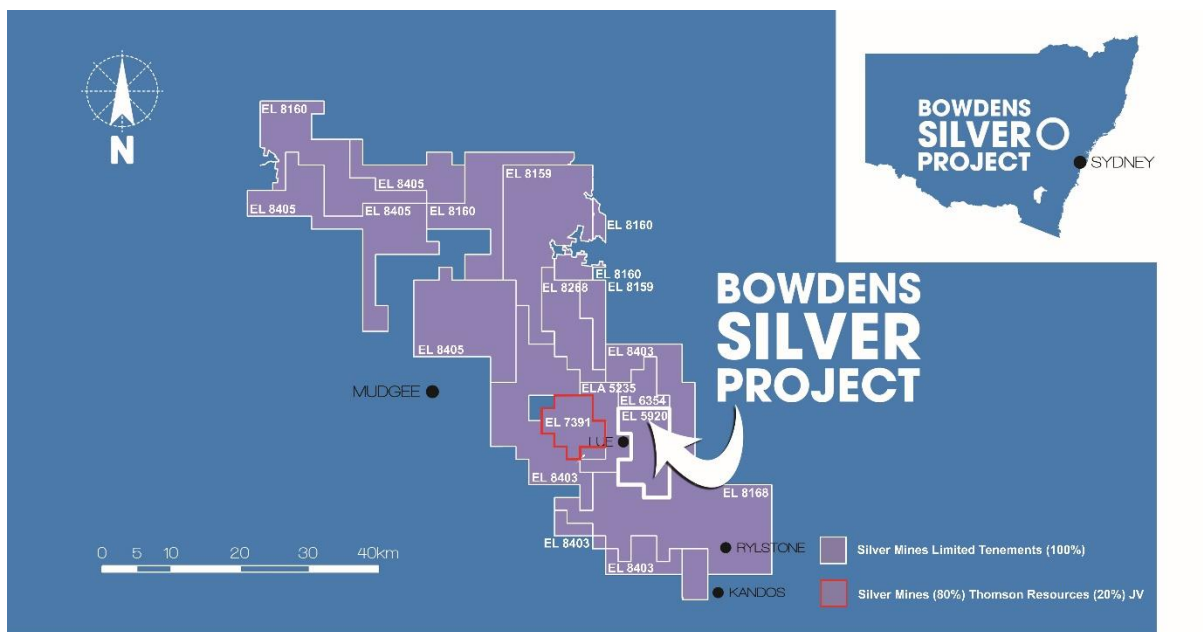


Figure 1. Bowdens Silver tenement holdings in the Mudgee district and Joint Venture location.

### **Agreement**

As previously announced, Silver Mines entered into a preliminary agreement with Thomson Resources covering EL7391 which covers ~50 km<sup>2</sup>. The Farm-in and Joint Venture Agreement has now been completed.

Silver Mines will acquire an 80% interest in EL7391 through a \$300,000 expenditure program in addition to completing 1000 metres of drilling prior to December 2018. Silver Mines is the Manager and Thomson Resources' interests will be free-carried until the completion of a Feasibility Study.

### **Exploration Targets**

EL7391 lies on the eastern edge of the Silurian Hill End Trough within the Lachlan Fold Belt and more specifically within the northern portion of the Rockley-Gulgong Ordovician Volcanic Belt. This belt hosts the Springfield and Spring Gully (Wattle Flat) orogenic gold deposits. The setting is similar to several other volcanogenic massive sulphide deposits ("VMS") near the edges of the Hill End Trough such as Lewis Ponds and Sunny Corner.

Previous work by Thomson Resources included the completion of an airborne VTEM Survey (Versatile Time-Domain Electromagnetic geophysical system) and interpretation of geophysical and geological data. There are multiple historical mineral occurrences on the tenement area along with a substantial 1000 metre by 400 metre silver, gold, zinc and lead geochemistry anomaly. This anomaly is coincident with VTEM anomalism including two VTEM anomalies showing high conductivity which potentially represents massive-sulphide targets.

Previous drilling by Newmont Exploration was conducted in distal parts of the alteration system with only one hole completed in the soil anomaly area.

Silver Mines is currently reviewing all past works and planning further exploration programs including initial drilling.

### **About the Bowdens Silver Project**

The Bowdens Silver Project is located in central New South Wales, approximately 26 kilometres east of Mudgee. The recently consolidated project area comprises 1,654 km<sup>2</sup> (408,000 acres) of titles covering approximately 80 kilometres of strike of the highly mineralised Rylstone Volcanics. Multiple target styles and mineral occurrences have potential throughout the district including analogues to Bowdens Silver, high-grade silver-lead-zinc epithermal and volcanogenic massive sulphide (VMS) systems and copper-gold targets.

Bowdens Silver is the largest undeveloped silver deposit in Australia with substantial resources with a considerable body of high quality technical work already completed. The projects boast outstanding logistics for future mine development.

Yours faithfully

Silver Mines Limited



Trent Franklin  
Company Secretary

### **About Silver Mines Limited**

The Silver Mines strategy has been to consolidate quality silver deposits in New South Wales and to form Australia's pre-eminent silver company.

The Company's goal is to provide exceptional returns to shareholders through the acquisition, exploration and development of quality silver projects and maximising leverage to an accretive silver price.

### **Competent Persons Statement**

The information in this report that relates to mineral exploration is based on information compiled by Thomson Resources and reviewed by Darren Holden who is an advisor to Silver Mines Limited, employee of GeoSpy Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Holden has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves' (JORC code). Mr Holden consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.