

**16<sup>th</sup> December 2016**

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

## **CAPITAL RAISING AND UPDATE**

### **Highlights**

- **A total of approximately A\$5 million (net of fees) raised at a price of A\$0.165 per share.**
- **Funds raised primarily for the completion of the purchase of 15% of the Bowdens Silver Project to complete 100% ownership.**
- **Deeper drilling confirming mineralisation in underlying sediments.**
- **Drilling continuing with assays pending for 11 holes.**
- **High resolution aeromagnetic program identifies possible porphyry source of mineralisation immediately north-west of Bowdens Silver.**
- **Update of progress to date and looking forward.**

### **Completion of Placement - 100% Ownership of Bowdens Silver**

Silver Mines Limited (ASX:SVL) (“Silver Mines” or “the Company”) is pleased to advise that it has successfully completed a capital raising of approximately A\$5 million (net of fees) (“Placement”) to institutional, professional and sophisticated investors.

The financing will primarily be used to complete the acquisition of the remaining 15% of the Bowdens Silver Project from Kingsgate Consolidated Limited (ASX:KCN) (“Kingsgate Consolidated”). The final payment of A\$4.0 million is due 31<sup>st</sup> December 2016.

Completion of this acquisition is an important step in the Silver Mines strategy to consolidate 100% of Bowdens Silver.

Bell Potter Securities Limited acted as the Lead Manager to the Placement.

The purchase consideration to Kingsgate Consolidated for 85% of the Bowdens Silver Project totalled A\$20 million previously paid with completion occurring on 29<sup>th</sup> June 2016.

Through an Amending Deed, the Company completed the purchase of the remaining 15% interest held by Kingsgate Consolidated. Cash consideration was A\$5 million with A\$1 million paid in September 2016 and A\$4 million payable by 31<sup>st</sup> December 2016.

The Company's current cash position (prior to the final A\$4 million payment as above) is approximately A\$11.7 million.

### **Activities Review**

With the completion of the acquisition and takeover of the Bowdens Silver Project in June 2016, Silver Mines has;

- Refinanced the company with over \$40 million raised;
- Incorporated a new Board of Directors;
- Capital consolidation complete on a 100:1 basis;
- Fully commenced feasibility works to fast track into production;
- Fully commenced Environmental Impact Statement works;
- Had permitted and commenced a 38,000 metre drilling campaign;
- Completed over 4,500 metres of diamond drilling with 13 holes complete (2 holes with returned assays to date with outstanding initial results);
- Put together an outstanding geological, environmental, compliance, community and support teams, on site staff approximately 20 personnel plus external consultants;
- Completed a substantial 20,000km geophysical operation highlighting exciting new targets;
- Entered into a new Joint Venture over quality targets in proximity to Bowdens Silver; and
- Substantially expanded the land freehold foot print at Bowdens Silver.

### **Recent Drilling**

On 22<sup>nd</sup> November and 9<sup>th</sup> December 2016, the Company reported outstanding initial drilling results from the first two holes of a 38,000 metre drilling campaign. Results in these two holes surpassed the Company's expectations in the area of drilling and will improve the existing resource model at Bowdens Silver.

Furthermore, deeper drilling in both initial two holes intersected strong silver results in sediments underlying the mineralised Rylstone Volcanics. Work is on-going to assess the significance of this deeper mineralisation.

Please refer to the respective announcements on 22<sup>nd</sup> November and 9<sup>th</sup> December 2016.

A further 11 drill holes have been completed with assays pending.

### **Gumarooka Intrusion**

As announced on 13<sup>th</sup> December 2016, new high resolution airborne magnetics data has identified an elliptical porphyritic body approximately 1300 metres by 800 metres located immediately to the north-west of the Bowdens Silver epithermal deposit.

Apart from one drill hole of the northern margin, the magnetic body has not been previously drilled and is entirely covered by Shoalhaven Group sediments. Intrusions, such as the Gumarooka Intrusion, are often the heat and metal sources for epithermal mineralisation such as that seen at Bowdens Silver.

Soil geochemistry demonstrates elevated manganese which is often an indicator of mineralisation beneath. Furthermore, immediately south of Gumarooka is an undrilled silver-lead soil anomaly.

Detail exploration is currently being scheduled for Gumarooka with drilling being planned to commence during the first quarter of 2017.

Outside of Gumarooka, several other areas in the geophysical program are currently being assessed.

Please refer to the announcement of 13<sup>th</sup> December 2016.



### **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 by maximising leverage to an accretive silver price.

### **Competent Persons Statement**

The information in this report that relates to mineral exploration results is based on information compiled or reviewed by Mr Darren Holden who is an employee of GeoSpy Pty Ltd and an advisor to Silver Mines. Mr Holden is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of 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.