SILVER MINES LIMITED

“Building the largest pure silver company in Asia-Pacific”

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Silver Mines Limited Strategy

- Development of the only primary silver focussed company of substance in Asia-Pacific
- Acquisition of complimentary silver assets at cyclical lows
- Buying silver ounces for cents/ounce ‘in the ground’
- Targeted consolidation of silver deposits in New South Wales
- Bottom of the market acquisition of Bowdens (one of the largest undeveloped silver deposits globally)

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Silver Mines Limited Structure

Shares on Issue (post 100:1 consolidation)	108.8m
Placement A$40.5m @ $0.15	270.0m
Total on Issue	378.8.0m
Undiluted Market Capitalisation (based on 15c issue)	A$56.8m
Cash after completion	A$20.0m
Enterprise Value	A$36.8m
Options	
May 2017 @ $4.30	0.06m
Oct 2017 @ $0.30	23.4m
May 2018 @ $0.30	7.5m
Advisor Options June 2019 @ $0.30	8.0m

Note: The above table including the Placement, the issuance of May 2018 Options and June 2019 Options and a Share Consolidation are conditional on shareholder approval. Post completion of the above it is proposed that a Share Purchase Plan ("SPP") is undertaken on the same terms and conditions as the Placement.

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Gold/Silver Ratio

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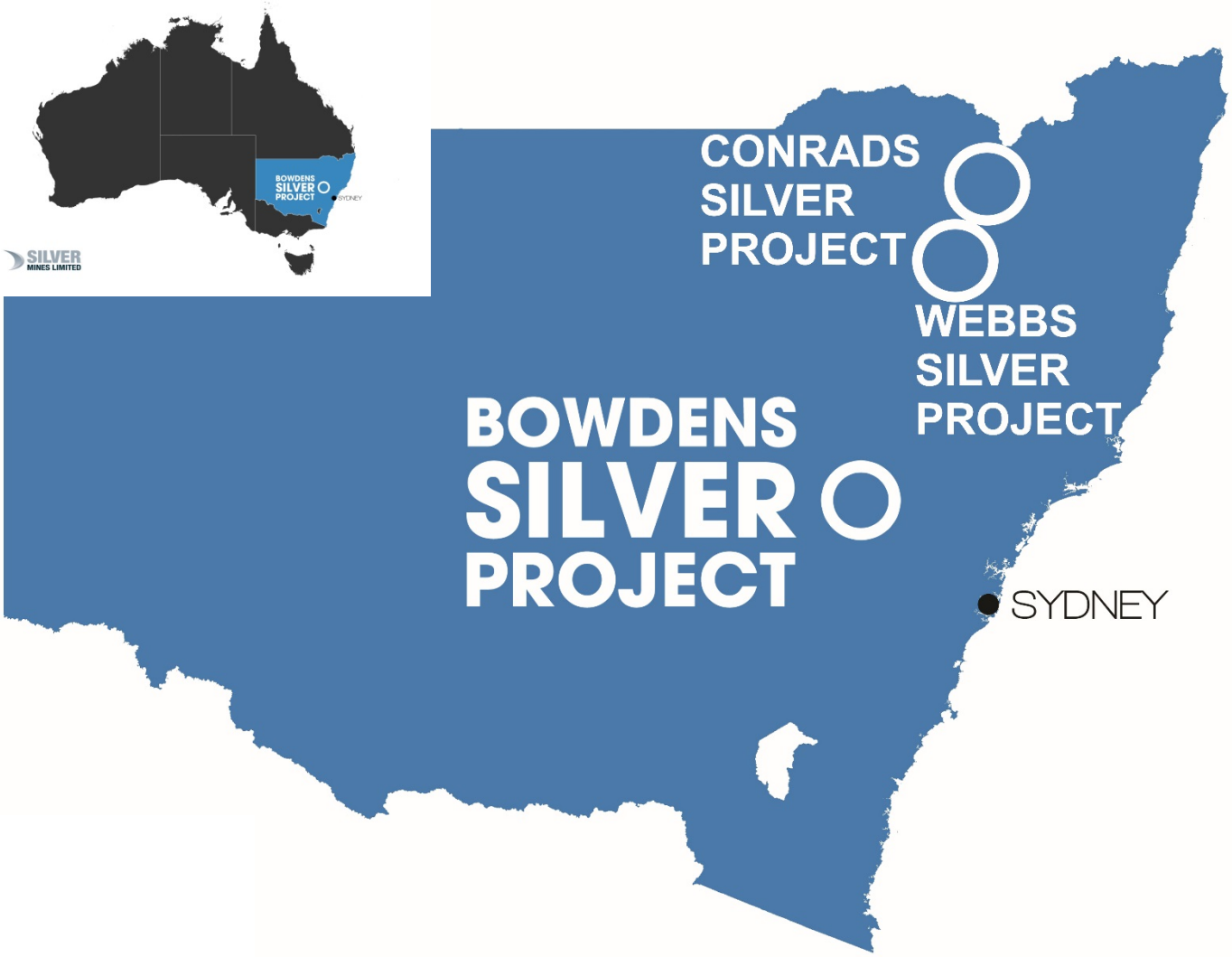
New South Wales Silver Consolidation



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SVL Resource Inventory (Refer to Appendices 1,2 & 3 for further details)

Deposit name	Mt	Ag Eq (g/t)	Ag Eq (Moz)	Status
Bowdens	88.0	64	182	Agreement to purchase
Webbs	1.5	353	17.5	100% owned
Conrads	2.6	206	16.5	100% owned
Total	92.1	73	216	191 Moz Ag Eq attributable

- **NSW silver assets ripe for consolidation**
- **Bottom of the market acquisitions**
- **Bowdens is the key piece to the puzzle**
- **Upon completion, only pure silver play of substance in Asia-Pacific**

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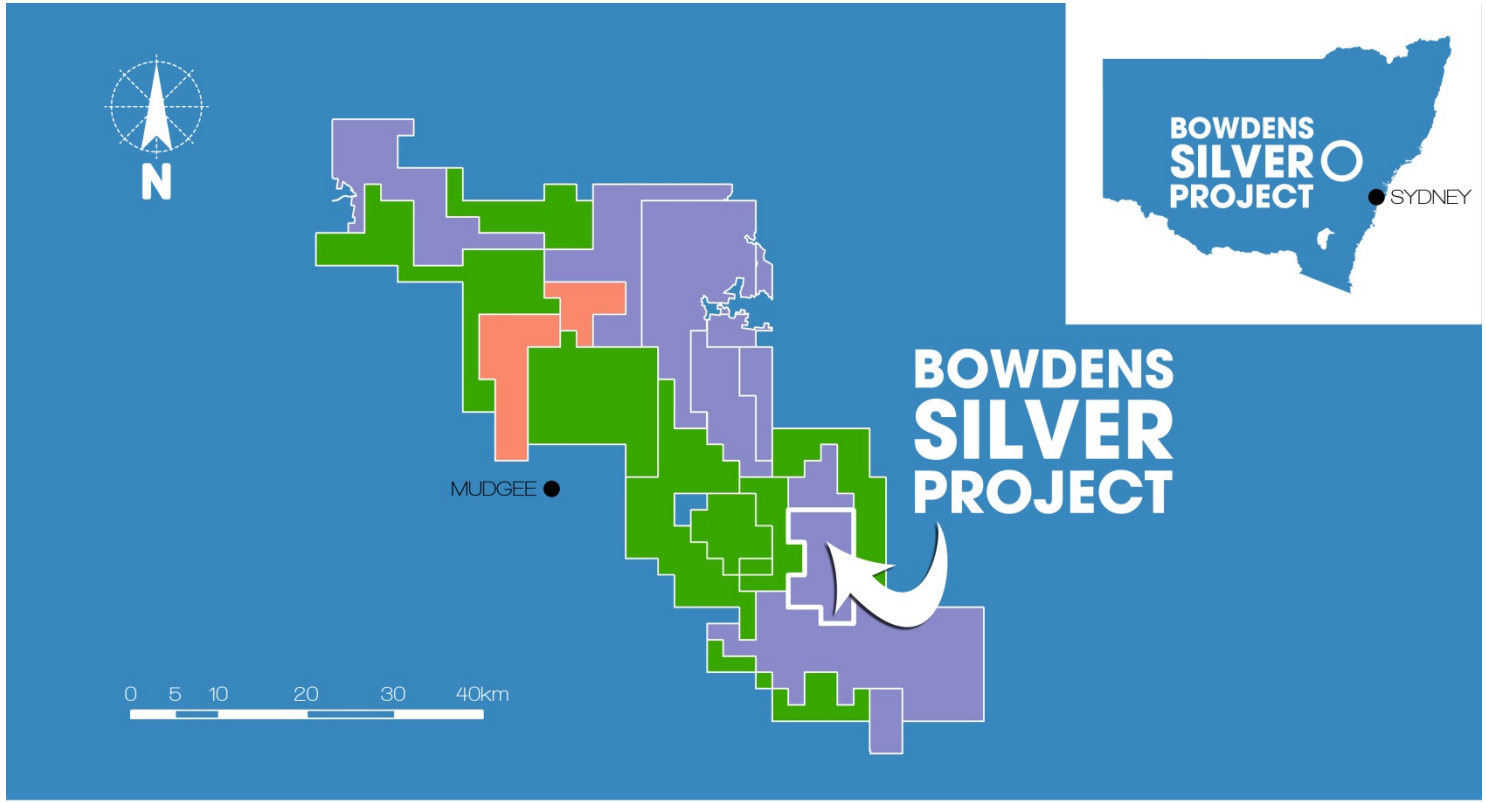
Title Package



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KINGSGATE BOWDENS P/L

OTHER HOLDERS

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Bowdens Silver Project

- The largest undeveloped silver deposit in Australia and one of the largest globally
- Kingsgate purchased from Silver Standard for A$75 million
- Over A$35 million spent by Kingsgate
- Freehold land mostly purchased (~A$12 million)
- Transaction consolidates 80kms of strike and mineralised Rylstone Volcanics (1,654 km^2 = 408,000 acres)
- SVL purchasing for;
  - $20m cash ($2.0m deposit paid, balance end June 2016)
  - 40m fully paid ordinary shares
  - Deferred 40m fully paid ordinary shares and split on EIS submission and Decision to Mine

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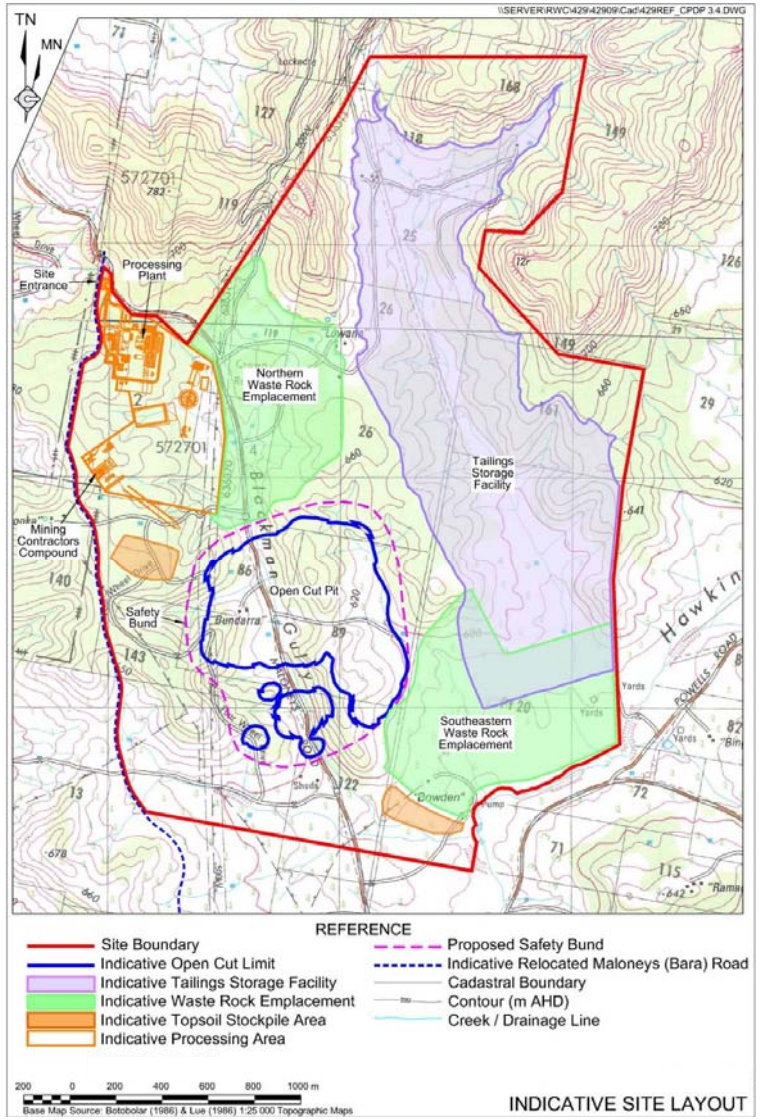
Bowdens Silver Project



- Resource of ~180 Moz of silver equivalent
- New drilling including resource, metallurgical and sterilisation drilling
- Feasibility Study +80% complete
- Environmental Impact Statement +80% complete
- Flat lying deposit at surface – easy to mine and very low strip ratio
- Classified as “State Significant Development” in NSW

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Bowdens Resource (Refer to Appendix 1 for further details)

- Kingsgate resource based on 63,000 metres drilling (65% by Silver Standard, 20% by Kingsgate)
- Eastern flank of resource presents high grade ore from surface and first three years could be pushed to ~80-90g/t Ag vastly improving economics
- Resource is open at depth
- Infill drilling within inferred envelope could add extra 25 Moz Aq to pit optimisation

30 g/t Ag Cut	Mt	Ag (g/t)	Zn (%)	Pb (%)	Ag Eq (g/t)	AgEq (Moz)
Measured/Indicated	52.0	51.9	0.38	0.29	68.6	115
Inferred	36	41	0.4	0.3	58	68
Total	88.0	47.4	0.39	0.29	64.4	182

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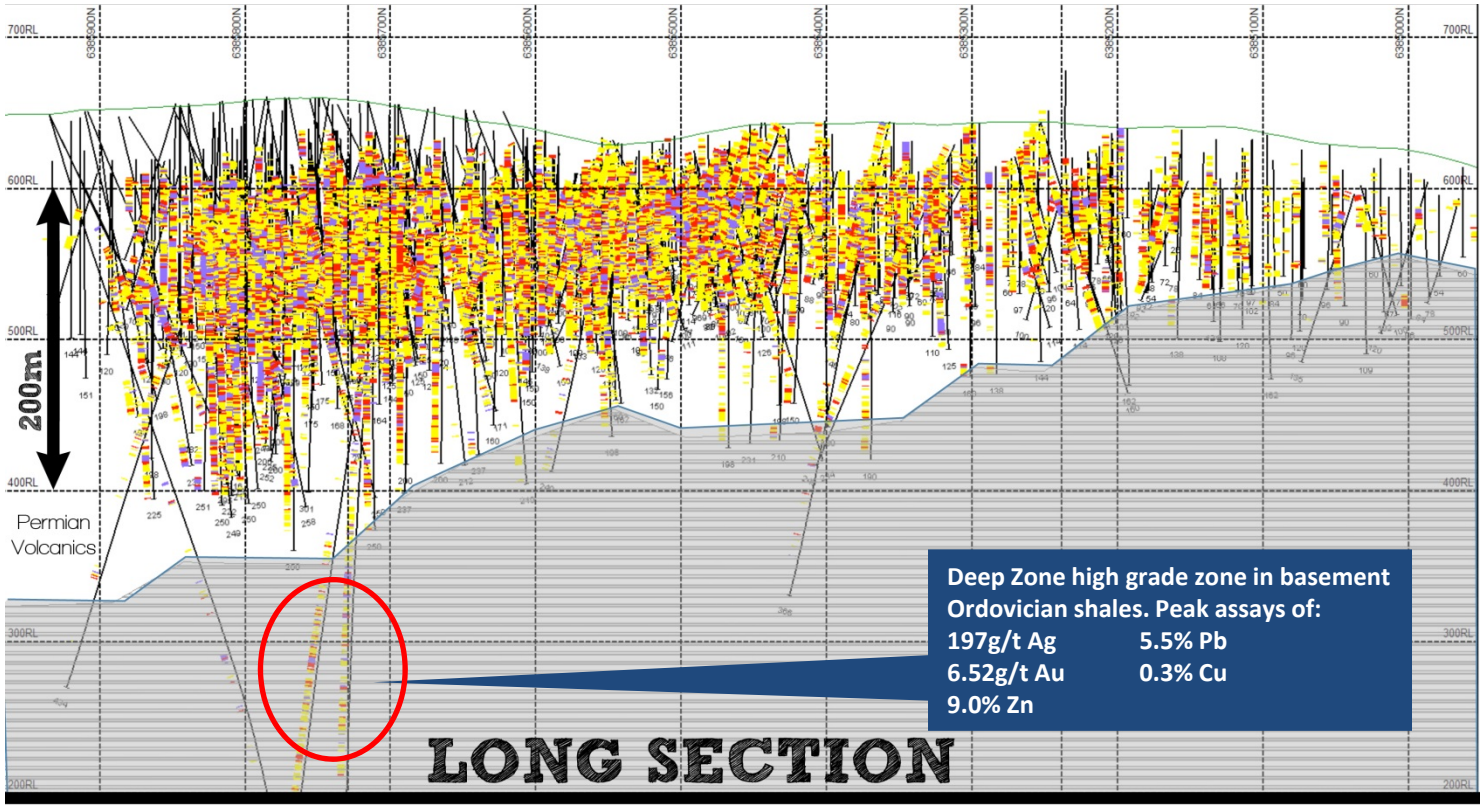
Long Section



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20 to 50 g/T AgE

> = 100 g/T AgE

50 to 100 g/T AgE

Ordivician Carbonaceous Shale

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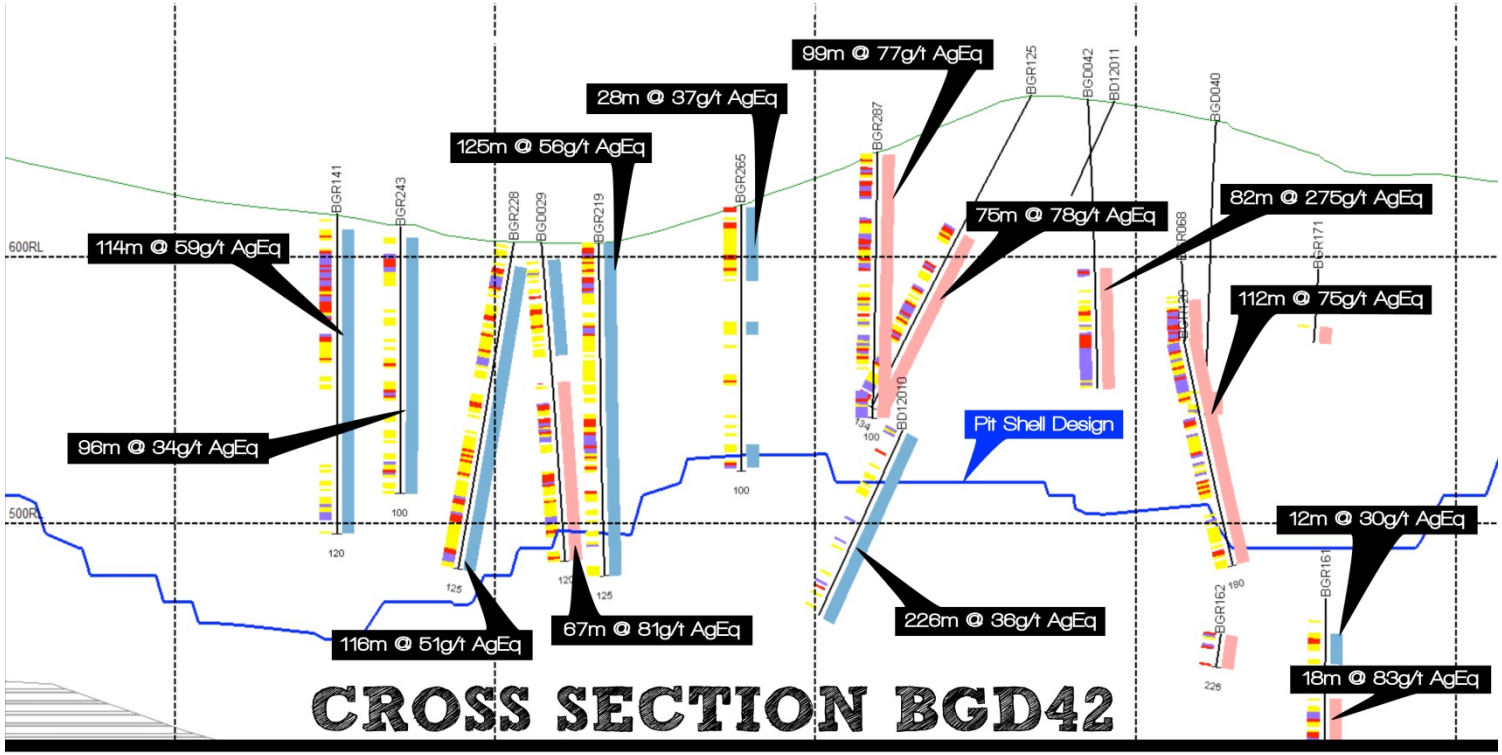
Cross Section



20 to 50 g/t AgEq

30 to 60 g/t AgEq

50 to 100 g/t AgEq

> 60 g/t AgEq

> = 100 g/t AgEq

Ordivician Carbonaceous Shale

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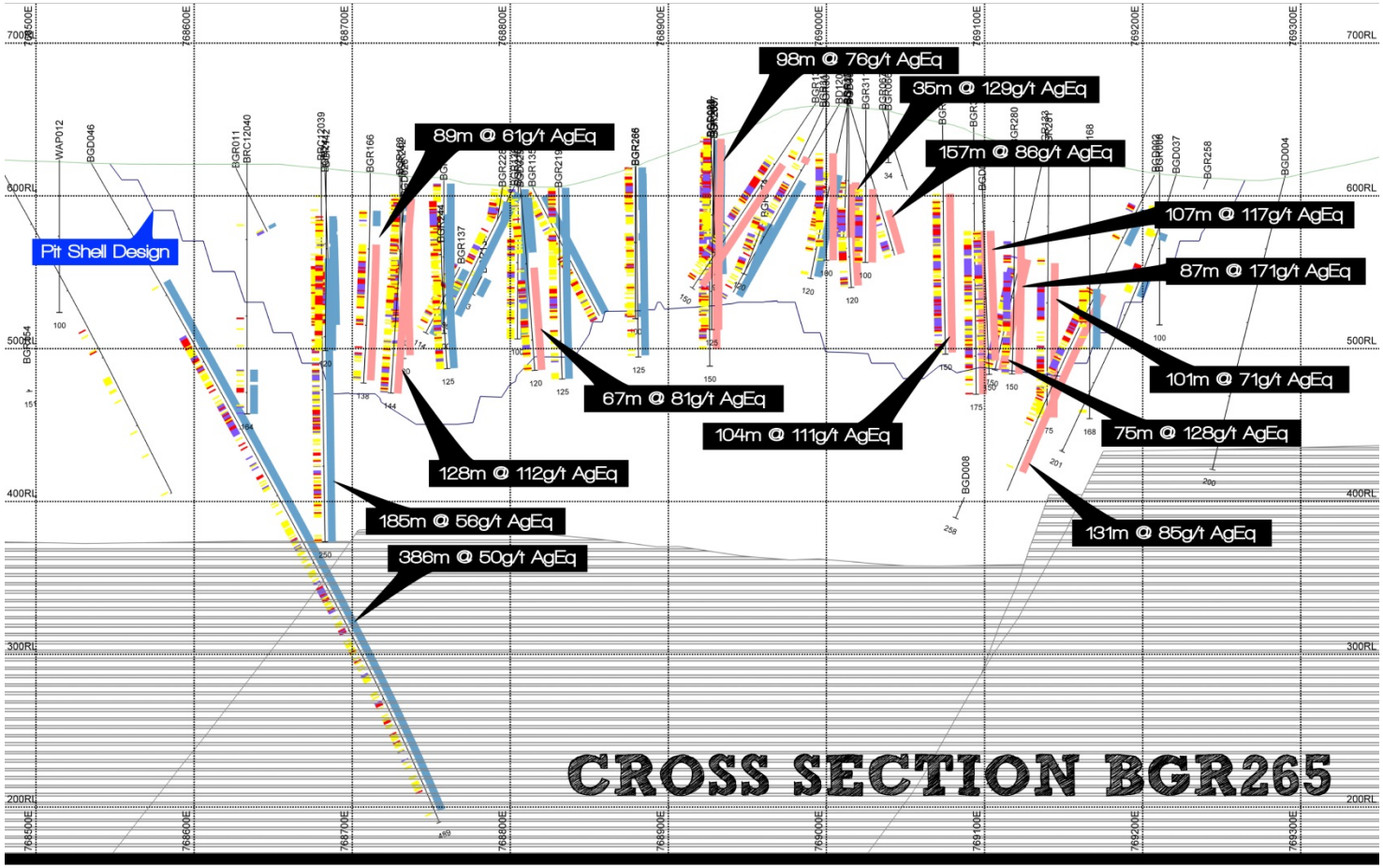
Cross Section



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30 to 60 g/t AgEq

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Ordivician Carbonaceous Shale

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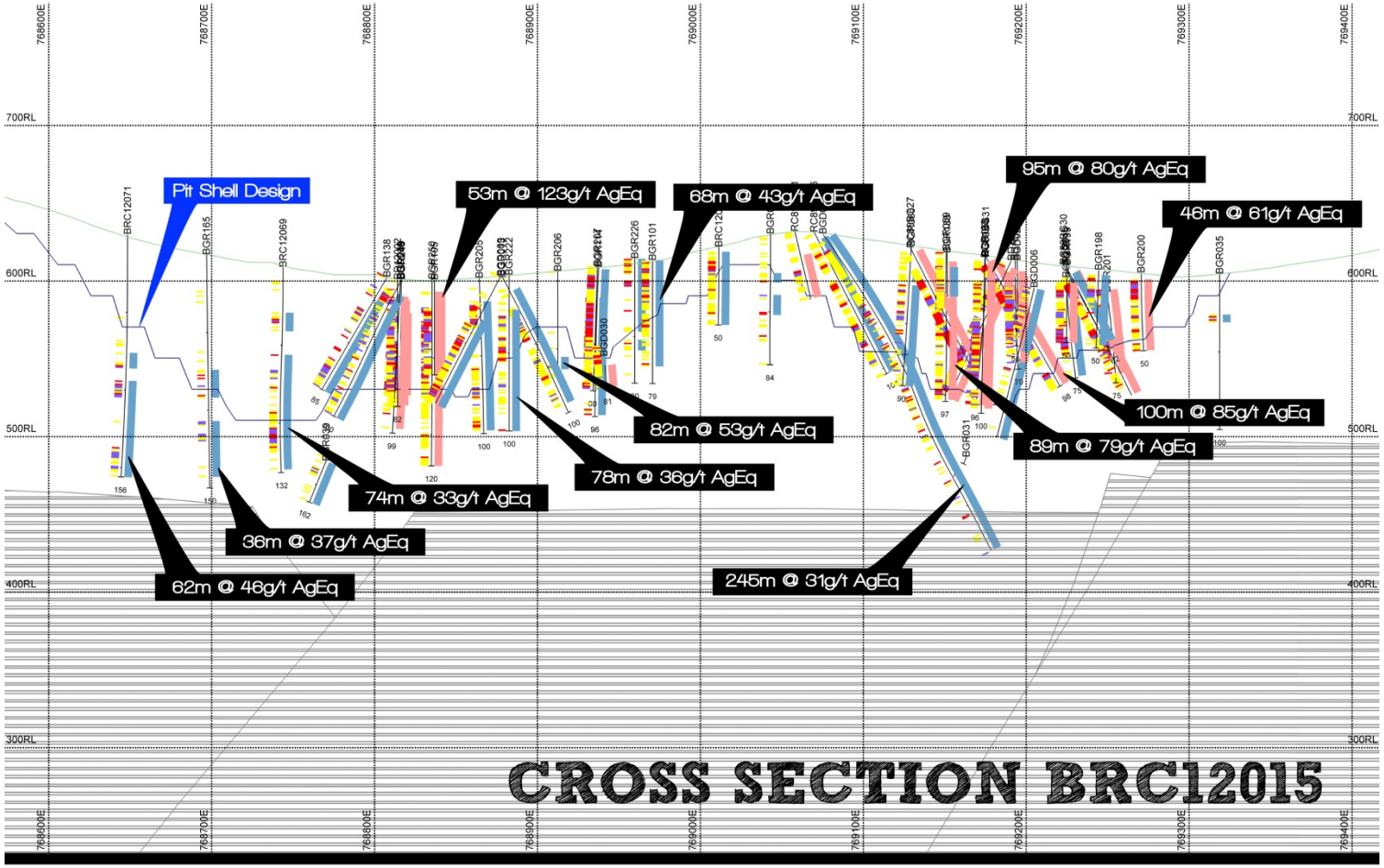
Cross Section



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30 to 60 g/t AgEq

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Ordivician Carbonaceous Shale

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Feasibility

- Managed by Ausenco
- MPR Geological (Resources), AMC (Mining), Coffey (Tailings), RW Corkery (Environment), SKM (water) and others
- Halted in mid 2013 with silver price downturn
- Circa A$25 million expenditure (including drilling)
- “Rolls Royce” approach to 4.0 million tonnes per annum development
- Substantial room to cut Capex

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Feasibility

		Ausenco/Kingsgate Draft Feasibility mid 2013	Lycopodium Scoping Study Case 8 mid 2006
Mining/Process	Mtpa ore	4.5	2.5
Strip		1.7 : 1	1.6 : 1
Head Grade	g/t Ag	68	77
Head Grade	% Zn / %Pb	0.38 / 0.30	0.38 / 0.32
Silver Recovery	%	82.4	80.9
Production	Silver Moz pa	8.0	5.0
	Zn tpa	12,000	8,000
	Pb tpa	10,000	5,200
Capex	A$m	363.4	139.6
Opex	A$/t milled	21.97	35.65
Opex (after credits)	US$/oz Ag	7.56	7.28

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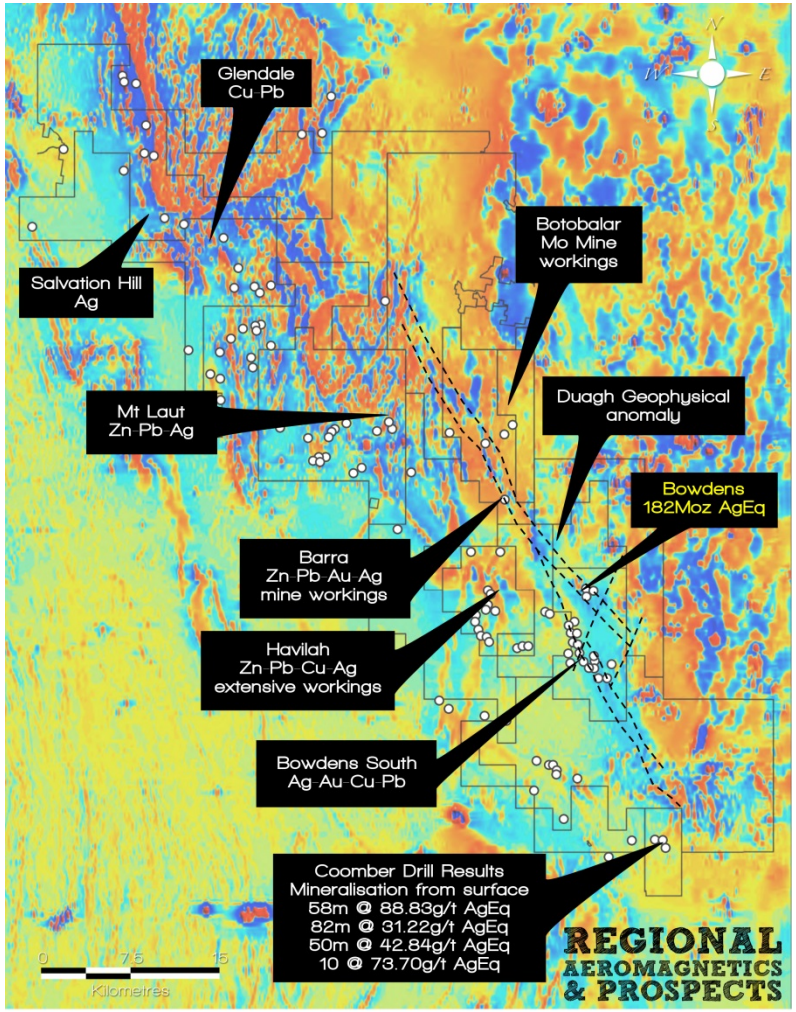
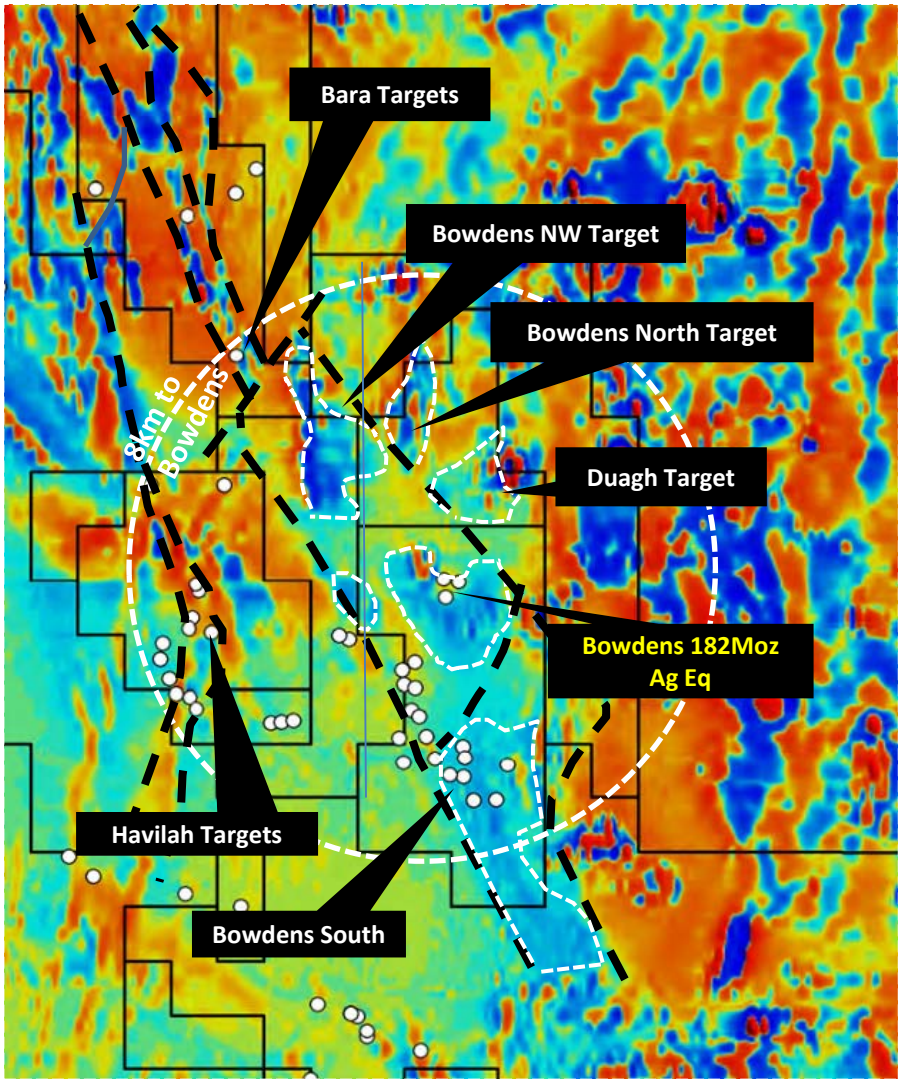
Exploration Upside



- Outstanding regional exploration package ignored by previous operators (concentrating on Bowdens development)
- ~ 80 kms of strike length of mineralised structures under-explored
- Potential for:
  - Large disseminated deposits hosted in Rylstone Volcanics like Bowdens and Coomber
  - High-grade Ag-Pb-Zn-Cu-Au deposits in basement Silurian / Ordovician rocks
- High order targets within the exploration licences with identified high grade mineralisation within truckable distances

Exploration Upside



- More than 30 metal mineral occurrences within 8kms of Bowdens
- Large scale target areas untested in Rylstone Volcanics including:
  - Bowdens North
  - Bowdens Northwest,
  - Bowdens South and
  - Duagh Target.
- Bara targets with high grade Ag-Pb-Zn-Au in historic workings
- Havilah targets with high-grade Ag-Pb-Zn-Cu-Au in historic workings and undrilled massive sulphide conductors

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Exploration Upside

Coomber Prospect Drill Results			
From (metres)	To (metres)	Intercept (metres)	Silver g/t Ag Eq
0	58	58	88.8
0	50	50	42.8
18	100	82	31.2
34	48	14	85.1
16	26	10	73.7

- **40 drill holes for 2645 metres**
- **Drilling by CRA in early 1990's, yet to be followed up**
- **Circa 10kms from Bowdens**
- **Mineralisation from surface and analogous to Bowdens**

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Comparatives

Company	Attrib. Resource Moz Ag Eq	Enterprise Value US$m	Enterprise Value US$/oz Ag Eq
MAG Silver	143	778	5.45
Impact Silver	8	37	4.37
Fortuna Silver Mines	160	661	4.14
Pan American Silver	489	1,928	3.94
Aurcana	18	60	3.39
First Majestic Silver	483	1,409	2.92
Coeur Mining	457	1,329	2.91
Excellon Resources	20	51	2.55
Endeavour Silver	158	394	2.50
Great Panther Silver	155	189	1.21
Avino Silver & Gold	56	55	0.98
Silver Standard	1,166	937	0.80
Alexco	111	88	0.79
Americas Silver	124	86	0.70
Silvercorp Metals	428	283	0.66
Santacruz Silver	82	53	0.65
Bear Creek Mining	254	155	0.61
Silver Mines Limited	191	28	0.15

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Silver Company Share Price Performance

Company	Market Cap. US$m	Jan 2016 US$/share	April 2016 US$/share	% Increase
Pan American Silver	2,095.2	6.50	13.83	113
First Majestic Silver	1,396.6	3.56	8.97	152
Coeur Mining	1,039.4	2.48	6.87	177
Silver Standard	984.1	5.66	8.27	46
MAG Silver	924.5	7.09	11.60	64
Fortuna Silver Mines	729.4	2.46	5.65	130
Endeavour Silver	391.6	1.42	3.68	159
Silvercorp Metals	349.8	0.52	2.07	297
Great Panther Silver	202.6	0.55	1.43	159
Bear Creek Mining	175.0	0.42	1.88	348
Arizona Mining	131.0	0.26	0.78	204
Alexco	85.0	0.34	1.10	224
Americas Silver	82.3	0.07	0.24	233
Avino Silver & Gold	51.8	0.98	1.39	42
Excellon Resources	50.8	0.24	0.92	285
Santacruz Silver	42.5	0.07	0.41	513
Impact Silver	36.0	0.08	0.53	562
Aurcana	24.1	0.09	0.28	200
			Weighted Average	120

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Major Primary Silver Mines

Mine	Country	Company	Silver Moz pa
Cannington	Australia	BHP Billiton	24.7
Escobal	Guatemala	Tahoe Resources	20.3
Fresnillo	Mexico	Fresnillo	20.1
Dukat	Russia	Peolymetal International	19.5
Saucito	Mexico	Fresnillo	15.4
Uchucchacua	Peru	Buenaventura	12.1
Pirquitas	Argentina	Silver Standard	8.7
Green Creek	United States	Hecla Mining	7.8
Palmarejo	Mexico	Coeur Mining	6.6
Pallancata	Peru	Hochschild Mining (HM)	6.5
San Hosé	Argentina	Hochschild Mining/McEwen Mining	6.5
Imiter	Morocco	Metallurgique d'Imiter	6.0
San Bartotome	Bolivia	Coeur Mining	5.9
Arcata	Peru	Hochschild Mining	5.8
Gümüsköy	Turkey	Eti Gümüs	5.8

BOWDENS TOP 10

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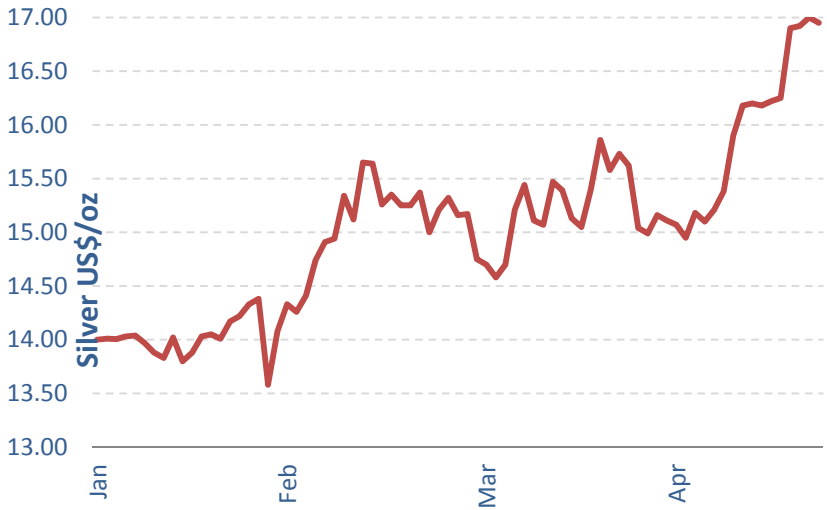
Silver Pricing Pressures

- Comex silver inventories have fallen from 70 Moz to about 25 Moz in last 12 months
- India demand (investment and solar) increasing by about 100 Moz last year
- Scrap supply has dropped by 100 Moz since 2012
- Average silver grade of the top seven primary producers is reducing taking +40 Moz out
- Zn-Pb-Ag production closures taking a further +30Moz out
- ETF purchases over 45 Moz in past 2.5 months



PRICE MOVES SO FAR 2016
UP +20%

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Conclusion

- Management proven strategy of significant shareholder wealth creation
- Targeted regional consolidation with ‘bottom of cycle’ silver acquisitions
- Adding quality silver inventory a priority
- Well advanced on execution of strategy
- Timing ‘sweet spot’ with macroeconomic trends

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Appendix 1 – Bowdens Resource

Kingsgate mineral resource estimation, October 2012

Table A1 Bowdens Mineral Resource Estimate completed by MPR Geological Consultants. First reported under JORC Code 2004 in November 2012, and re-reported in October 2013 to be compliant with JORC2012 guidelines. Refer to Kingsgate Consolidated Ltd press-release dated 18th of October, 2013 for full JORC2012 details and tables. Totals may vary due to rounding. Also refer to the Silver Mines Limited announcement of 3rd March 2016.

Table 1: Bowdens Mineral Resource Estimate (30g/t AgEq cut-off), November 2012							
Resource Category	Tonnes (Million)	Silver (g/t)	Lead (%)	Zinc (%)	Ag Eq (g/t)	Silver (Moz)	Ag Eq (Moz)
Measured	23.6	56.6	0.31	0.41	74.5	43	57
Indicated	28.4	48.0	0.27	0.36	63.6	44	58
Meas + Ind	52.0	51.9	0.29	0.38	68.6	87	115
Inferred	36	41	0.3	0.4	58	47	68
Total	88.0	47.4	0.29	0.39	64.4	134	182

[1] The Company confirms that it is not aware of any new information received since the original disclosure (KCN announcement 18/10/2013) or data that materially affects the information included in this table. The Company confirms that all material assumptions and technical parameters underpinning the mineral resource estimates continue to apply and have not materially changed.

[2] Bowdens silver equivalent: Ag Eq (g/t) = Ag(g/t) + 27.5 x Pb(%) +22.8 x Zn (%) calculated from prices of US26.33/oz Ag, US$2206/t Pb, US$2111//t Zn and NSR metallurgical recoveries of 72% Ag, 75% Pb, and 66% Zn estimated from test work by Kingsgate. NSR or net smelter return metallurgical recovery is defined as the payable metal recovered after allowing for smelter deductions, which includes deductions for precious metals.

[3] In the Company's opinion, the silver, lead and zinc included in the metal equivalent calculations have a reasonable potential to be recovered.

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Appendix 2 – Conrad Resource Estimate

Malachite Resources NL – Conrad resource estimate released 16 December 2008

Table A2. Conrad Mineral Resource estimate as released by Malachite Resources NL (ASX:MAR) on 16/12/2008. Based on work compiled by Hellman & Schofield Pty Ltd, Geological Consultants, Sydney. Totals may vary due to rounding.

Table 2: Combined Conrad and King Conrad Lodes								
Resource Category	Tonnes (Million)	Silver (g/t)	Copper (%)	Lead (%)	Zinc (%)	Tin (%)	Ag Eq (g/t)	Ag Eq (Moz)
Indicated	0.658	128.8	0.24	1.69	0.68	0.28	254	5.37
Inferred	1.994	97.6	0.19	1.21	0.48	0.21	190.2	12.19
Total	2.652	105.4	0.20	1.33	0.53	0.22	206.1	17.5

[1] The Company confirms that it is not aware of any new information received since the original disclosure (MAR announcement 16 December 2008 or data that materially affects the information included in this table. The Company confirms that all material assumptions and technical parameters underpinning the mineral resource estimates continue to apply and have not materially changed.

[2] The Conrad silver equivalent is calculated based on the parameters below which included spot metal prices as of the time of release in December 2008 and the assume recoveries as per the table below.

Conrad Silver Equivalent Calculator									
	Smelter Return (%)	Metal Price	Unit	Effective price (net smelter)	A$/1% metal in 1t ore	Mill Recovery	Recovered $/1% metal in 1t ore	AgEq ratio	unit
Ag	80	470	A$/kg	376	3759	90	3383	1.0	g/t
Pb	55	1538	A$/t	846	8.5	90	7.62	22.5	%
Zn	50	1692	A$/t	846	8.5	80	6.77	20.0	%
Cu	65	4769	A$/t	3100	31	80	24.80	73.3	%
Sn	70	17846	A$/t	12492	124.9	55	68.71	203.1	%

[3] In the Company's opinion, the silver, lead, copper, tin and zinc included in the metal equivalent calculations have a reasonable potential to be recovered.

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Appendix 3 – Webbs Resource Estimate

Silver Mines Limited – Webbs resource estimate released 27 February 2012

Table A3 Webbs Mineral Resource estimate as released by Silver Mines Ltd (ASX:SVL) on 27/02/2012. Based on work compiled by GeoRes Pty Ltd. Totals may vary due to rounding.

Table 3. Combined Conrad and King Conrad Lodes							
Resource Category	Tonnes (Million)	Silver (g/t)	Copper (%)	Lead (%)	Zinc (%)	Ag Eq (g/t)	Ag Eq (Moz)
Measured	0.194	364	0.29	0.75	1.67	470	2.9
Indicated	0.775	245	0.26	0.70	1.49	341	8.5
Inferred	0.522	201	0.27	0.71	1.61	302	5.1
Total	1.49	245	0.27	0.71	1.56	345	16.5

[1] The Company confirms that it is not aware of any new information received since the original disclosure (SVL announcement 27 February 2012) or data that materially affects the information included in this table. The Company confirms that all material assumptions and technical parameters underpinning the mineral resource estimates continue to apply and have not materially changed.

[2] Webbs Silver equivalent calculation based on equal recoveries of all metals based on silver price of US$17.30 per ounce, copper price of US$4935 per tonne, lead price of US$1773 per tonne and zinc price of $1871 per tonne as recorded as spot prices on 27 April 2016.

[3] In the Company's opinion, the silver, lead, copper and zinc included in the metal equivalent calculations have a reasonable potential to be recovered.

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Competent Persons Statements

Bowdens Resource Estimation

The information in this report that relates to the Bowdens Mineral Resources estimation is based on information compiled by Jonathon Abbott who is a full time employee of MPR Geological Consultants Pty Ltd and a Member of the Australian Institute of Geoscientists (MAIG). Mr Abbott has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he 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 Abbott consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Conrad Resource Estimation

The resource estimates quoted for the Conrad deposit were originally estimated for Malachite Resources NL by Mr Simon Tear of Hellman & Schofield Pty Ltd, an international and independent geological consultancy, under the 2004 JORC Code. The estimates have not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since last reported. The information in this report that relates to the Conrad Mineral Resource Estimates is based on information compiled by Mr Simon Tear who is a director of H&S Consultants Pty Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Mr Tear has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he 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 Tear consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Webbs Resource Estimation

The resource estimates quoted for the Webbs deposit have been estimated for Silver Mines Limited by GeoRes Pty Ltd, an independent resource consultancy under the 2004 JORC Code. This resource estimation has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since last reported. The information in this document that relates to Webbs mineral resource estimations is based on information compiled by Mr Robin Rankin, who is a Member of the Australian Institute of Mining and Metallurgy (MAusIMM) and registered as a Chartered Professional Geologist (CPGeo). Mr Rankin is Principal Consulting Geologist and operator of the independent geological consultancy of GeoRes Pty Ltd. He has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (The JORC Code). Mr Rankin consents to and has provided consent to the inclusion in this report of these matters based on the documentation in the form and in the context in which it appears.

Bowdens Exploration and Drill Results

The information in this report that relates to the Bowdens drill hole intercepts and exploration potential in the Bowdens area is based on information compiled by Kingsgate Consolidated Ltd and reviewed by Darren Holden who is a director of Silver Mines Limited and 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 this information in the form and context in which it appears.