

Unlocking a Major Mineralised System



ASX:SVL Corporate Presentation June 2018

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Silver Mines Limited Introduction

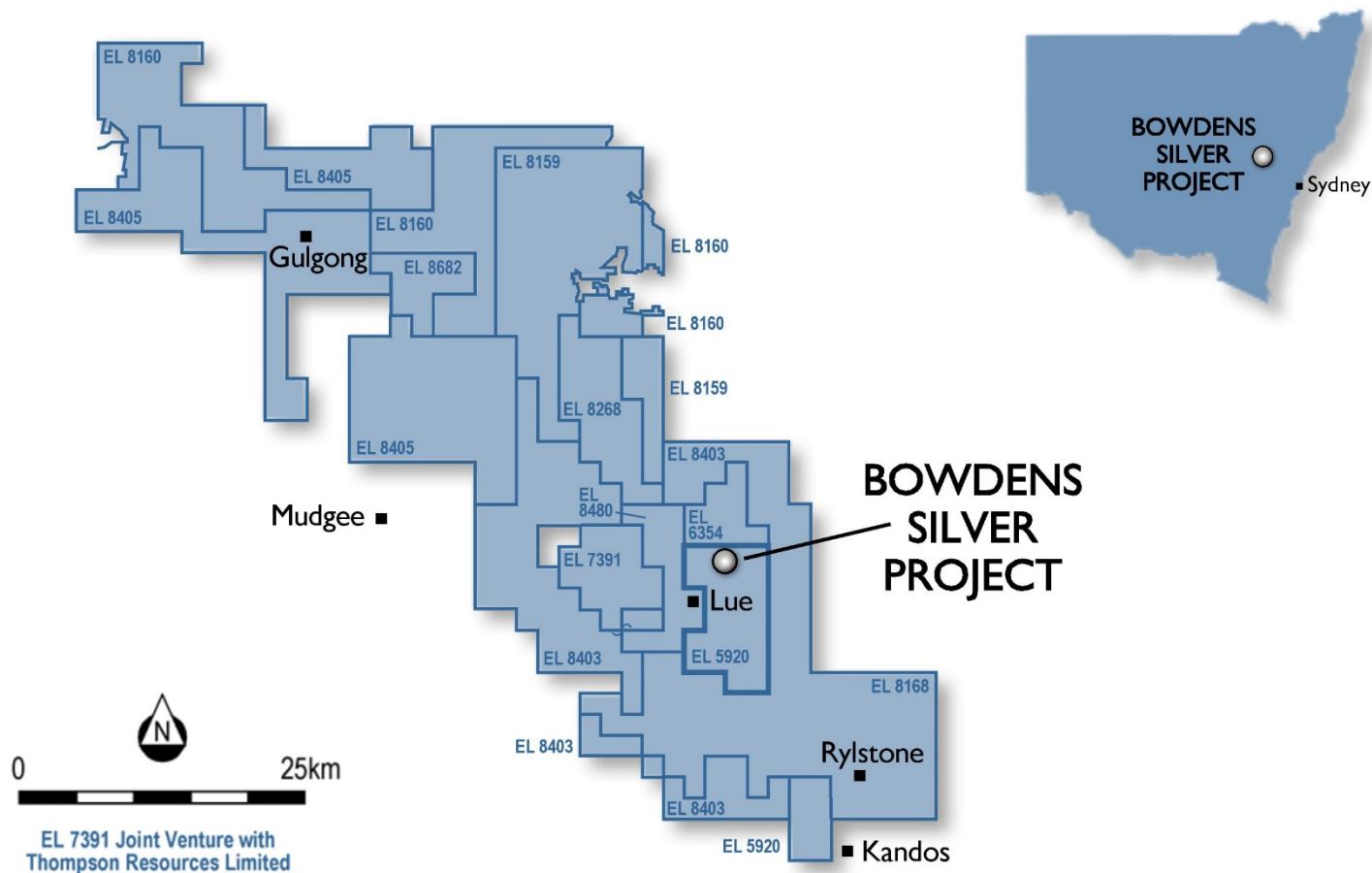
UNLOCKING A MAJOR MINERALISED SYSTEM THROUGH EXPLORATION SUCCESS

- Major Exploration Targets:
 - Confirmed significant extensions to mineralisation close to mine.
 - Discovered new base-metal massive sulphide including gold.
 - Discovered porphyritic felsic intrusion under the current resource.
 - Discovered extensive mineralised skarn with Cu/Mo/Au targets.
- Bowdens Silver Feasibility Study Complete
 - One of the largest undeveloped precious metals deposits in Australia and one of the largest new silver developments globally.
- Experienced board and management.
- New South Wales, Australia is a safe quality jurisdiction.

Silver Mines Limited Snapshot

<u>Capital Structure</u>		ASX:SVL		
Shares on Issue		512.8m	Options	
Current Share Price		A\$0.044	Jun 2019 @ \$0.30	9.0m
Undiluted Market Capitalisation		A\$22.0m	3 year milestone @ \$0.20	5.0m
Cash end Mar 2018		A\$2.0m		
<u>Directors</u> (refer to Appendix 5)			<u>Institutional Shareholders</u>	
Keith Perrett, Chairman			Paradice	Nero
Anthony McClure, Managing Director			BlackRock	APAC
Peter Langworthy, Non Executive Director			Tribeca	Old Mutual
Jonathan Battershill, Non Executive Director			Konwave	
<u>Assets</u>				
Major Exploration Package Central New South Wales, Australia			High order targets include precious metals epithermal, base metal VMS, Orogenic Gold, Intrusion Related Porphyry.	
Bowdens Silver	Ore Reserve (Refer Appendix 1)		66 Moz Silver	97 Moz Silver Equivalent
	Mineral Resource (Refer Appendix 2 and 3)		163 Moz Silver	275 Moz Silver Equivalent

Quality Jurisdiction – New South Wales, Australia



Quality Jurisdiction

- New South Wales, Australia a quality jurisdiction.
- Major minerals projects in the state include;
 - Cadia/Ridgeway, Newcrest (650,000oz Au, 65,000t Cu pa).
 - Cowal, Evolution (260,000oz Au pa).
 - Northparkes, CMOC (60,000t Cu, 50,000oz Au pa).
 - Plus coal mining exports (170 million tonnes pa).
- Bowdens Silver Classified as “State Significant Development”.

Feasibility Study

September 2017

*Mineral Resource Complete
(275 Moz Ag Eq)*



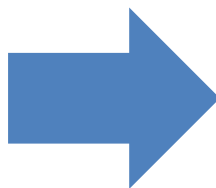
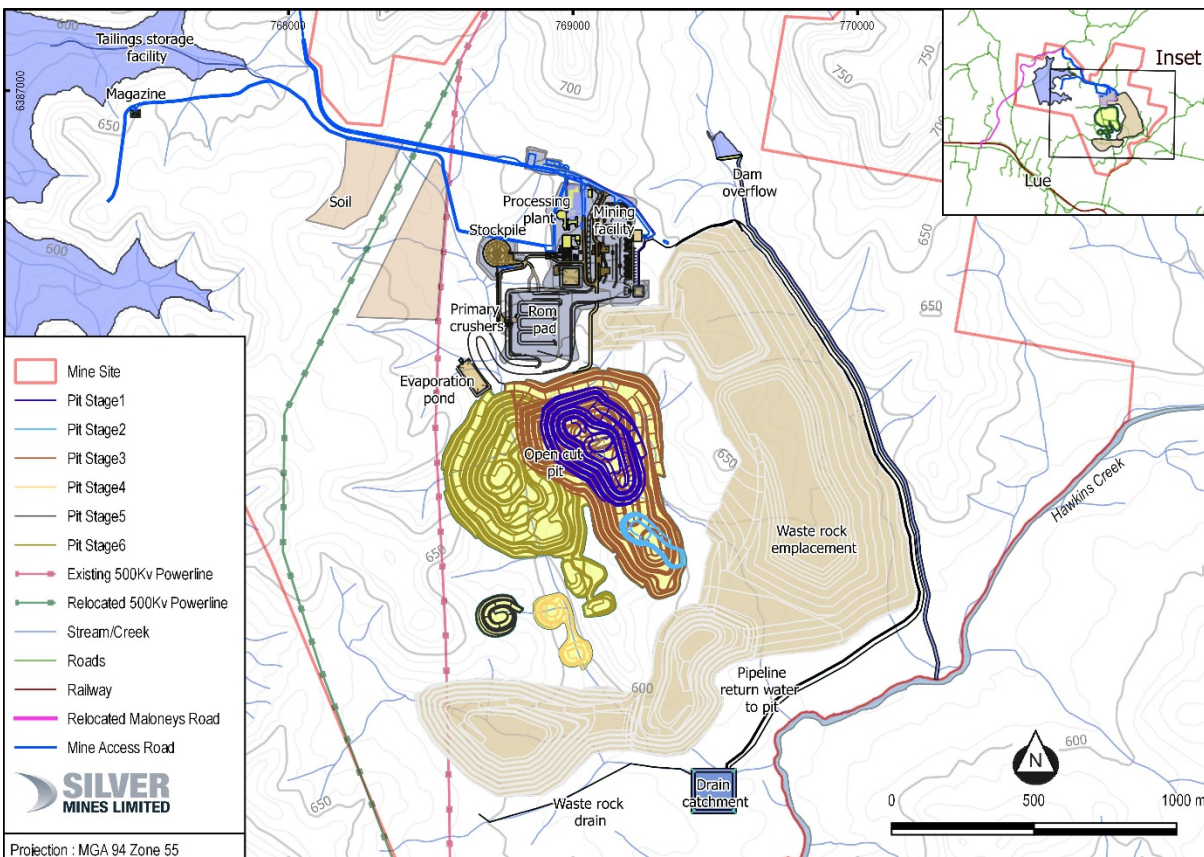
May 2018

*Ore Reserve Complete
(97 Moz Ag Eq)*



June 2018

Feasibility Study Complete



2018/2019

EIS and Approvals

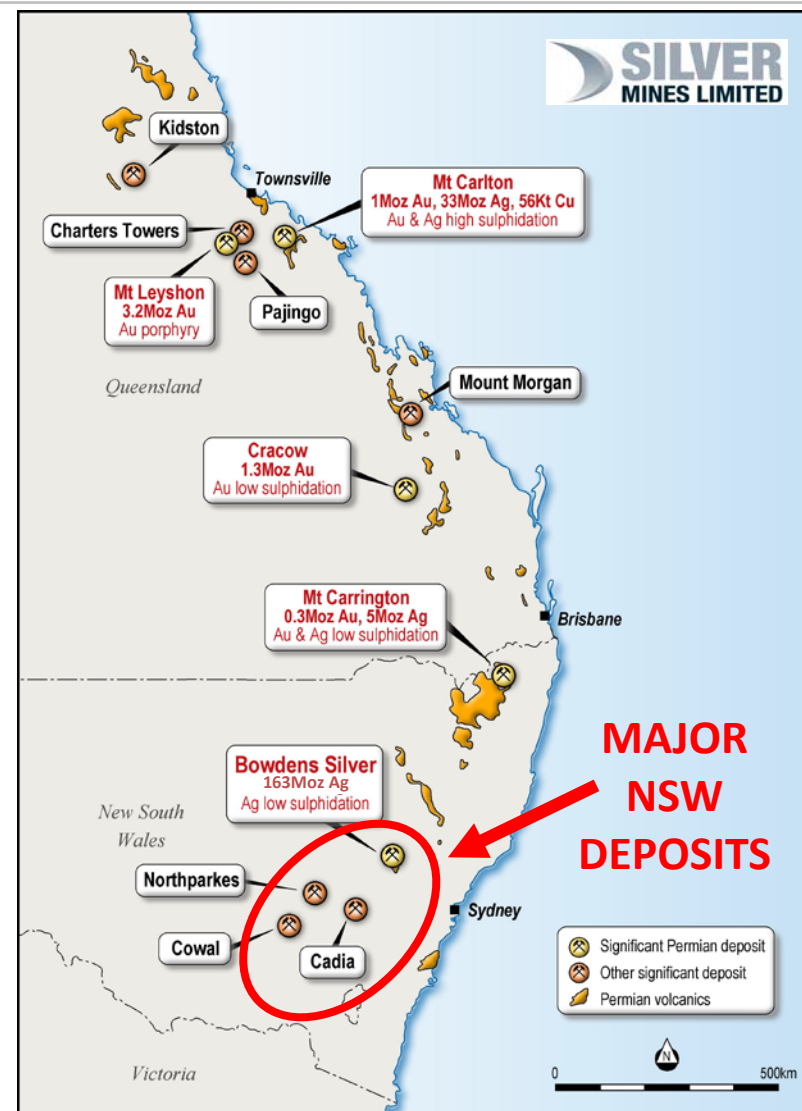
Feasibility Study Complete

Physical Metrics	Unit	Value
Production Life	Years	16
Ore Mined	Mt	29.9
Waste Mined	Mt	48.2
W:O Strip Ratio	x	1.6
Ag Recovered in Concentrate	Moz	52.91
Zn Recovered in Concentrate	kt	108.0
Pb Recovered in Concentrate	kt	79.3
Financial Metrics	AUD M	USD M
Revenue	1,899.5	1,424.7
Operating Expenses	1,340.8	1,005.6
Operating Margin	558.7	419.0
Undiscounted Cashflow before Tax	257.7	193.3
Undiscounted Cashflow after Tax	155.7	116.7
Project NPV (Pre-Tax)	143.9	107.9
Project NPV (Post Tax)	70.6	52.9
Project IRR (Pre-Tax): Nominal	20.8%	
Project IRR (Post Tax): Nominal	14.6%	
Capital Costs	AUD M	USD M
Initial	246.0	184.5
LOM Sustaining	53.9	40.4
Unit Costs (Ag Basis)	AUD/oz	USD/oz
C1 Costs	15.47	11.60
All in Sustaining Cost (AISC)	17.25	12.94

For full Feasibility Study disclosures refer to the Silver Mines Limited announcement of 14 June 2018. Silver prices assumed for financial modelling were: CY20 = US\$21.50 /oz, CY21 = US\$22.00 /oz, CY22 = US\$22.50 /oz. A zinc price of US\$1.25 /lb was used and a lead price of US\$1.00 /lb.

The Permian of Eastern Australia

- The Permian volcanics of eastern Australia contain high-grade, epithermal and porphyry related gold, copper, silver and base-metal deposits.
- The Bowdens Silver Project is a SILVER rich system but has geological affinities to GOLD and COPPER rich deposits such as Mt Leyshon and Mt Carlton.
- Silver Mines' exploration strategy involves:
 - Addressing the high order exploration targets within the vicinity of the Bowdens mineralised system;
 - Extending the current deposit including telescoped systems zoned from:
 - $\text{Ag} > \text{Zn} + \text{Pb}$
 - $\text{Zn} + \text{Pb} > \text{Ag}$
 - $\text{Cu} + \text{Au} > \text{Zn} + \text{Pb} > \text{Ag}$



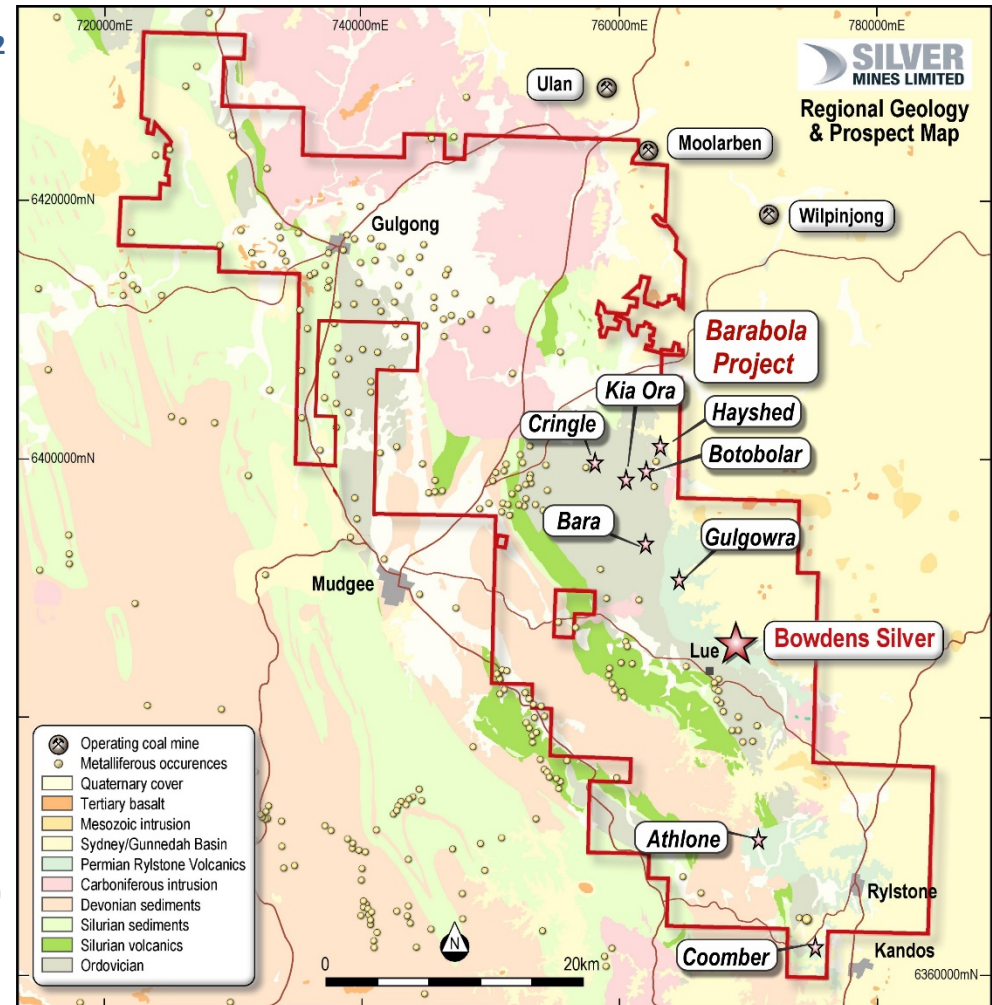


Unlocking a Major Mineralised System

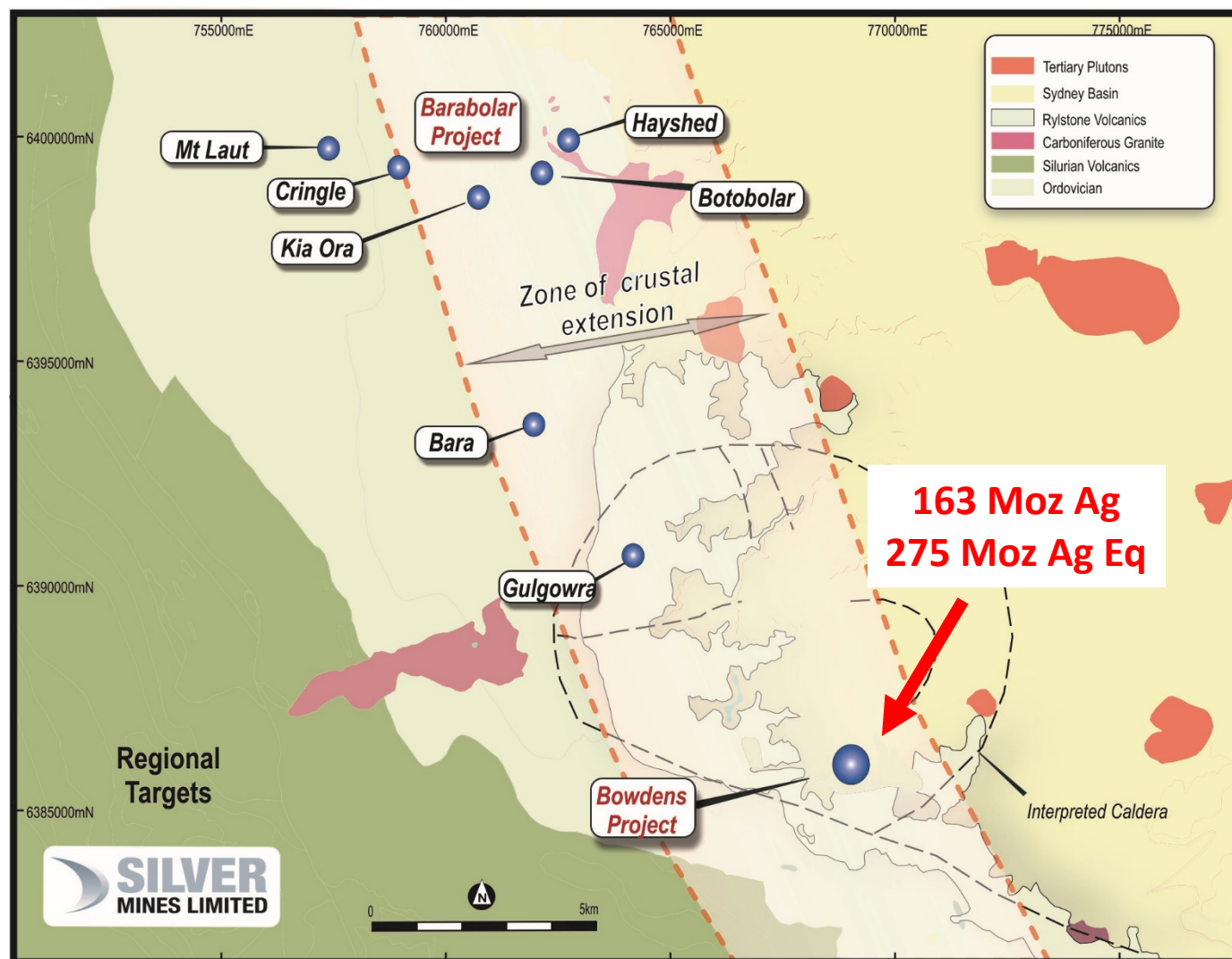


Regional Geology

- Extensive tenement holding (1,654 km² = 408,000 acres) controlled by Silver Mines.
- Northeast corner of Lachlan Fold Belt, coal bearing Sydney and Gunnedah basins to the north and east.
- Wide range of prospective deposit types over different time periods (Siluro-Devonian, Carboniferous and Permian).
- Mineral deposit styles / potential include:
 - Bowdens Style (Ag-Zn-Pb).
 - Bundarra Style (Zn-Pb-Ag-Au).
 - Cadia style Porphyry (Cu-Au-Mo).
 - Shear hosted gold (e.g. McPhillamy's style) with base-metal association.
 - Volcanogenic Massive Sulphide (VMS).



Unlocking a Major Mineralised System

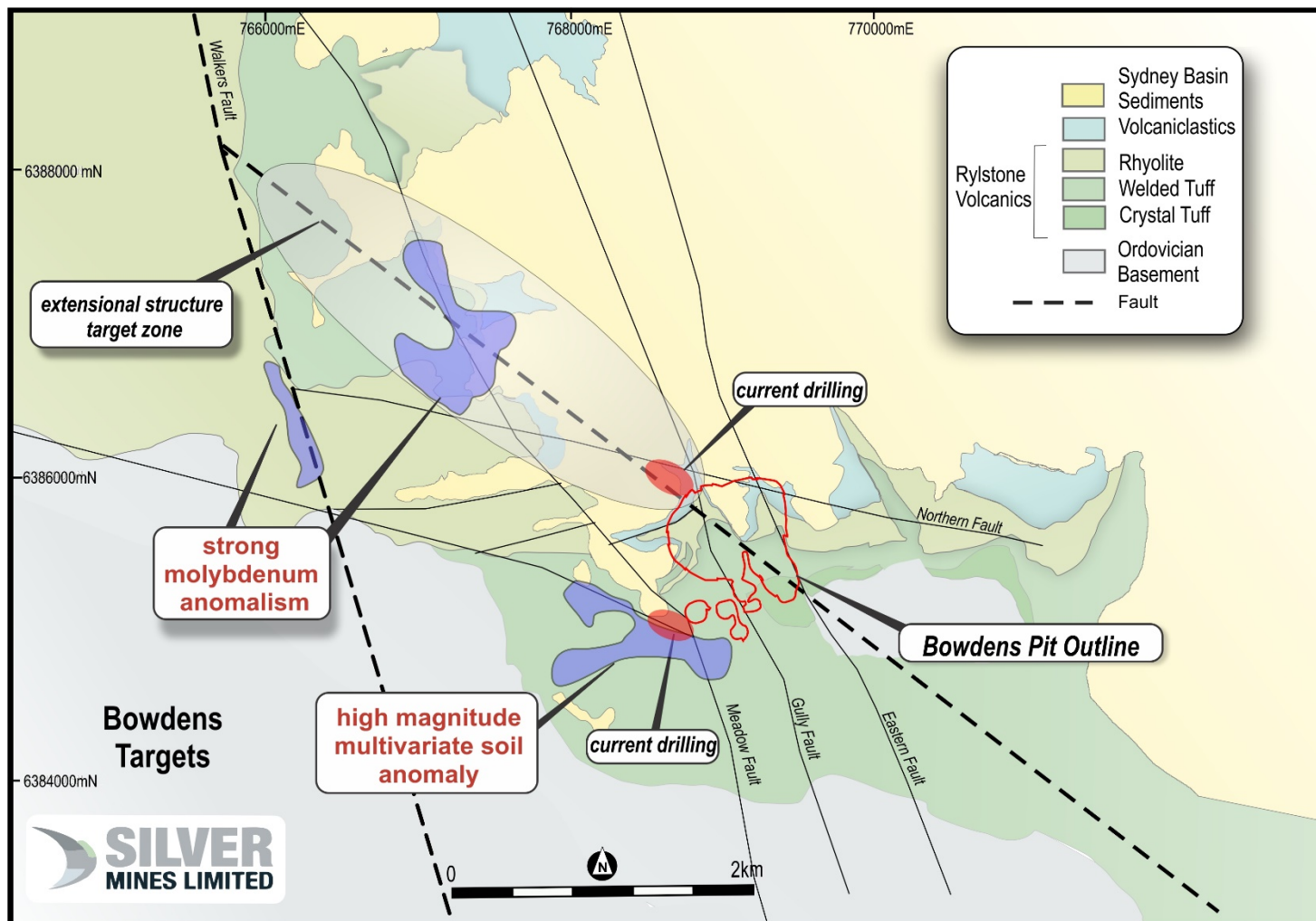




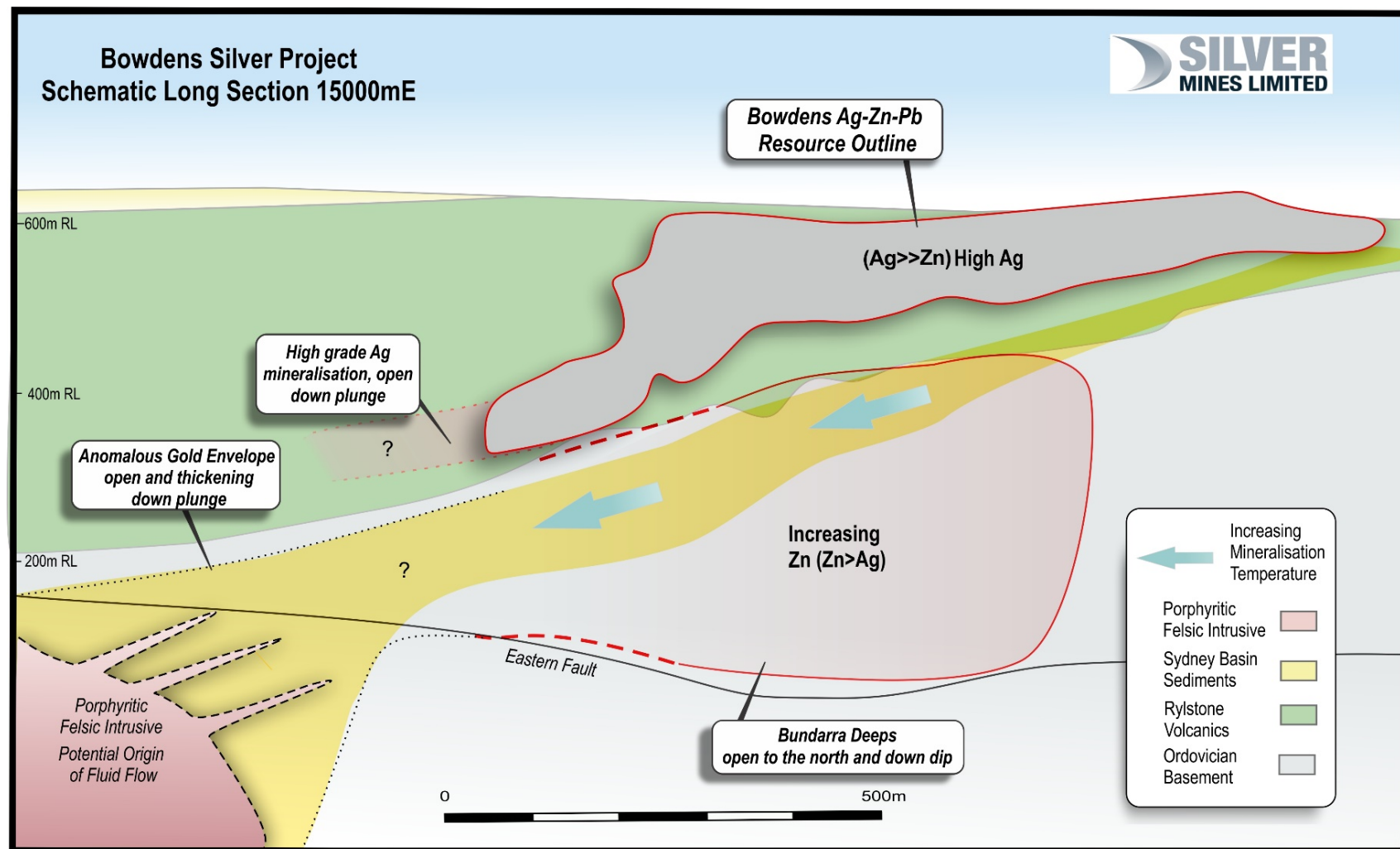
Near Mine Mineralised System



Near Mine Mineralised System

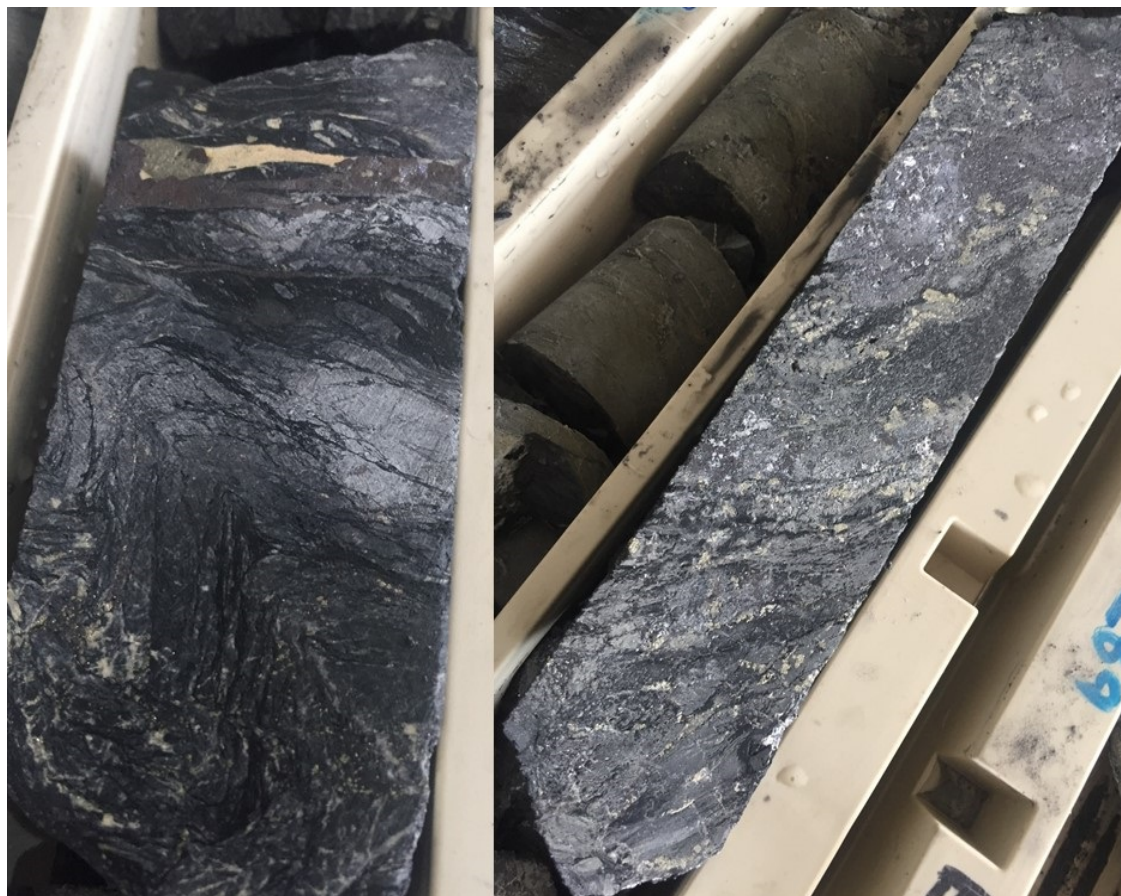


Near Mine Mineralised System



Massive Sulphide Discovery – Bowdens Deep

- Massive to semi-massive sulphide discovery.
- ~100 metres below the previous resource.
- Mineralised zone over 315 metres.
- Significant gold content.
- Results include:
 - 31.25m @ 3.24% Zn, 1.88% Pb, 23g/t Ag, 0.4g/t Au (218g/t AgEq) including;
 - 18.25m @ 4.6% Zn, 3.0% Pb 31g/t Ag, 0.52g/t Au (313g/t AgEq).
- The mineralised system is interpreted to be vectoring to the northwest and remains totally open along strike and down dip.



Discovery of Porphyritic Intrusion – Bowdens Deep

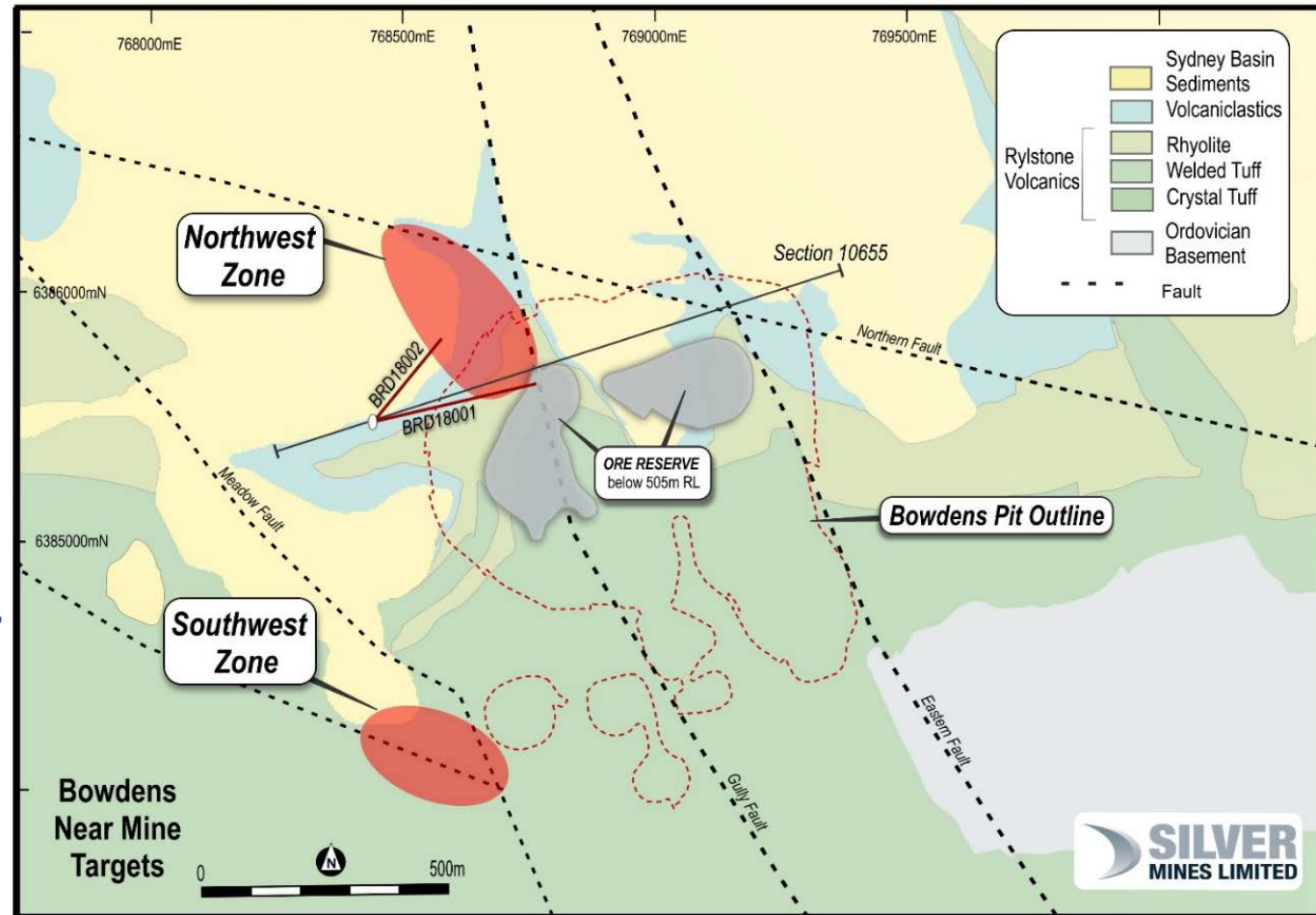
- Significant discovery of porphyritic felsic intrusion beneath the Bowdens Silver deposit.
- The intrusion is associated with strong metal zonation consistent with potential porphyry associated gold-copper mineralisation.



- Highly anomalous molybdenum content to the north west of Bowdens (high level indicator in mineralised porphyry systems).
- The mineralised system is interpreted to be vectoring to the northwest and remains totally open along strike and down dip.

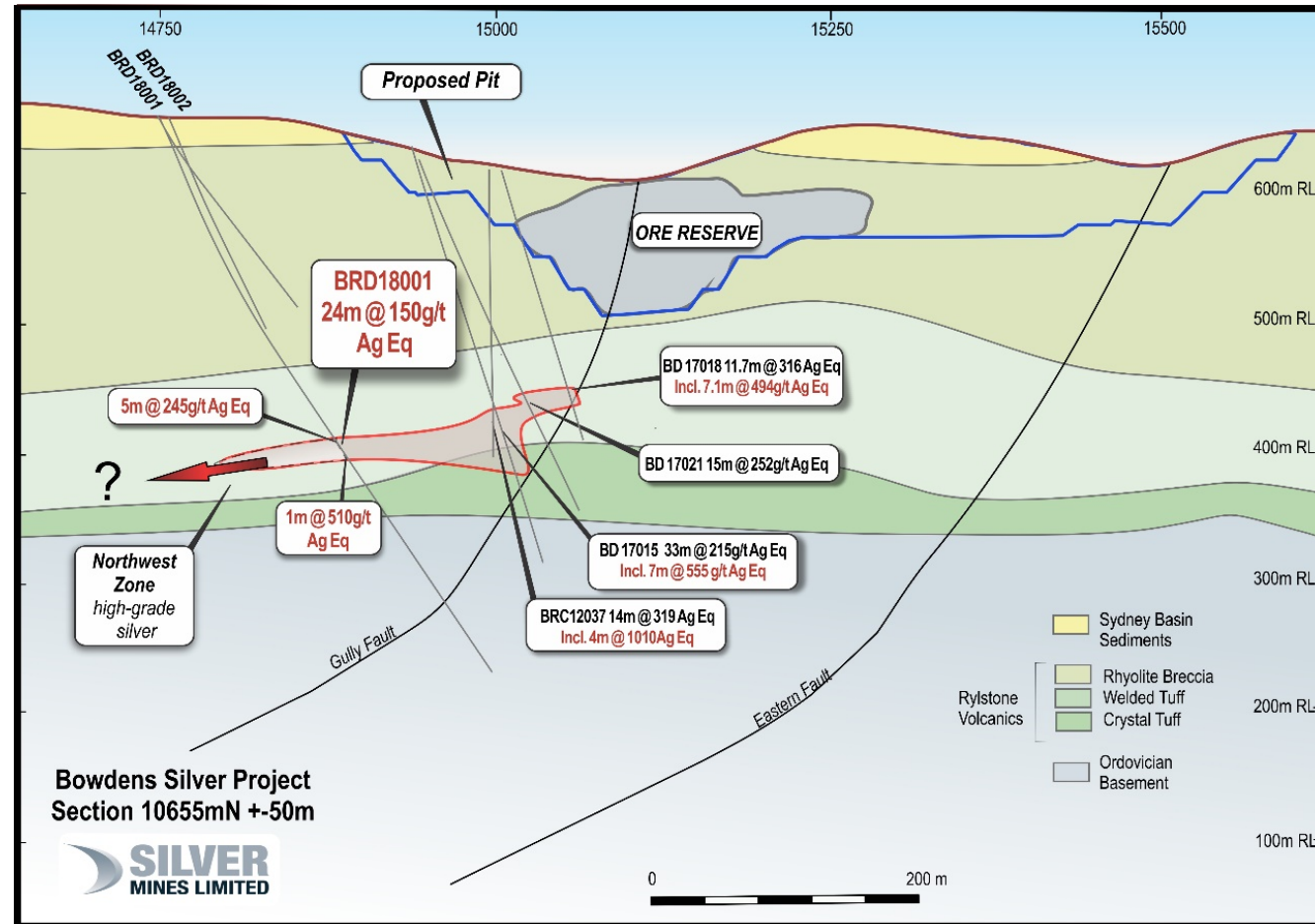
Near Mine Mineralised System – Current Drilling

- Current drilling
- Northwest Zone - High-grade silver and base metals directly underneath Ore Reserve extending west.
- Southwest Zone – High grade zinc coinciding with strong IP anomaly.



Near Mine Mineralised System – Current Drilling

- High-grade silver and base metal mineralisation between 10 and 30 metres
- Currently defined over a strike length of 150 metres and open in several directions.
- Potential for the development of underground mining tonnages.

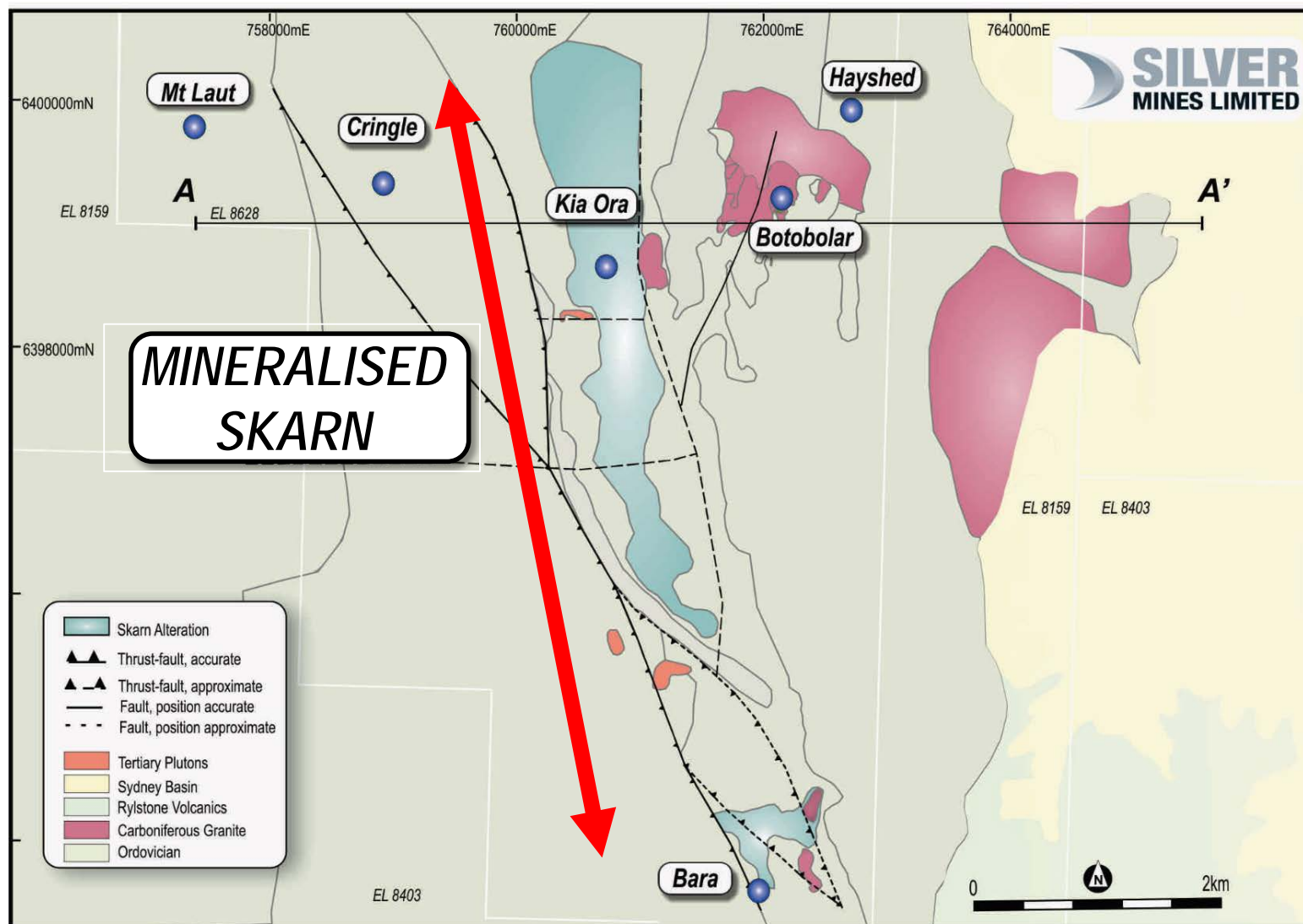


Barabolar Project



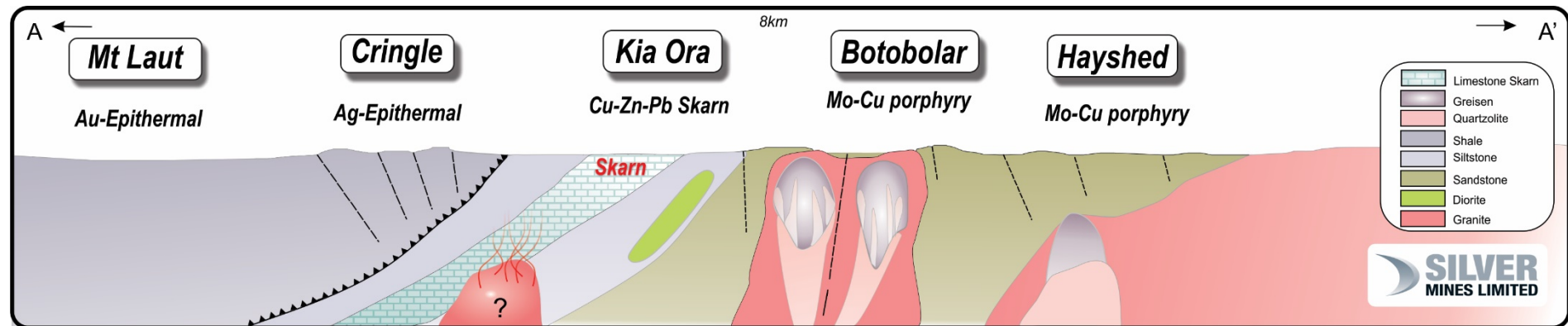
Highly Altered and Mineralised Skarn

Unlocking a Major Mineralised System

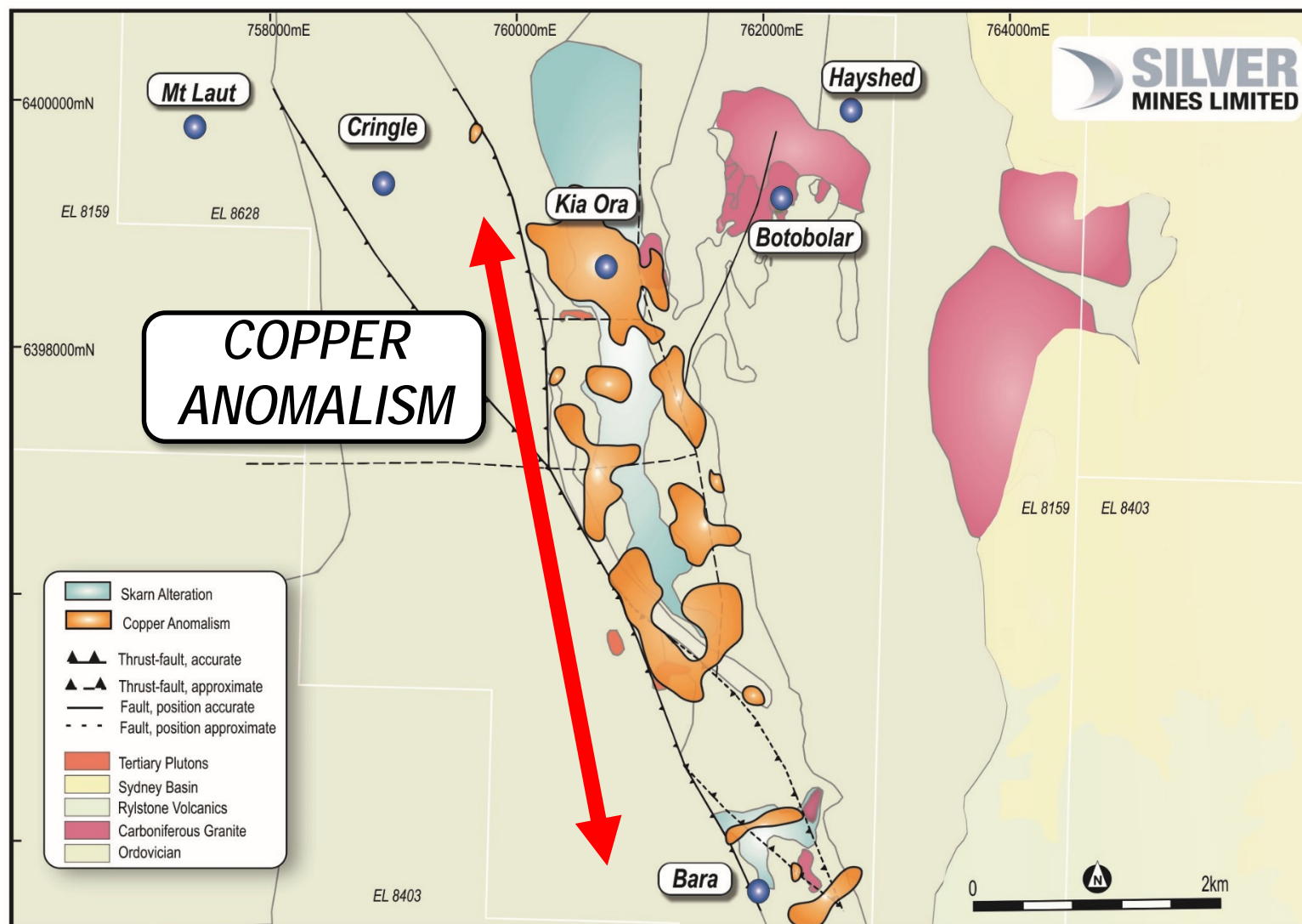


Unlocking a Major Mineralised System

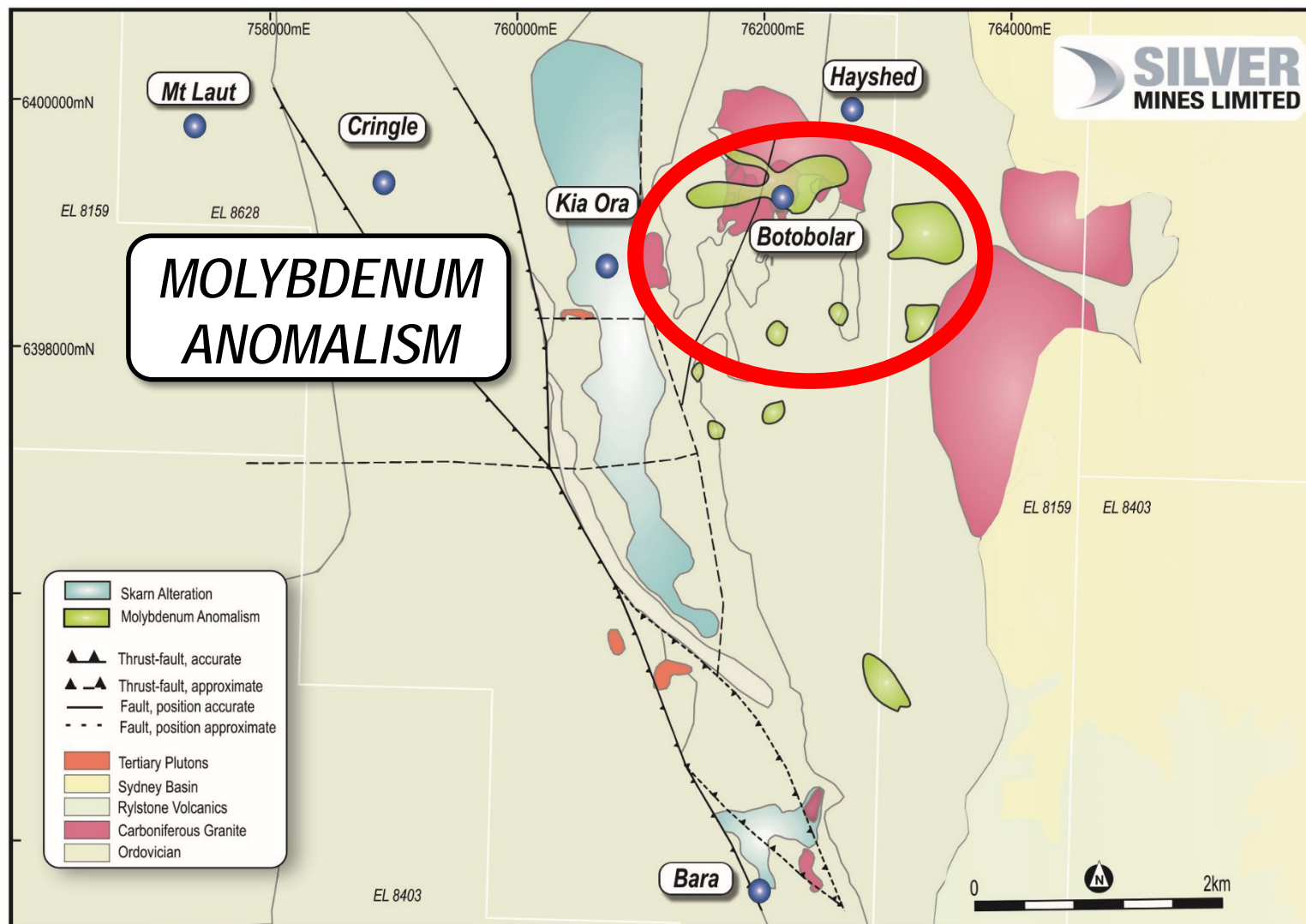
- Barabolar Project area located 10 kilometres northwest of the Bowdens.
- 9000 x 2000 metre corridor of base-metal and precious metal soil anomalies.
- Mineralised skarn mapped over 3500 by 800 metres.
- Porphyry system type alteration assemblages.
- Several high order prospects:
 - Kia Ora Skarn (and proximal porphyry): Cu-Ag-Zn-Au.
 - Botobolar / Hayshed: Large molybdenum anomalies, abundant coarse molybdenite in associated felsic porphyry.



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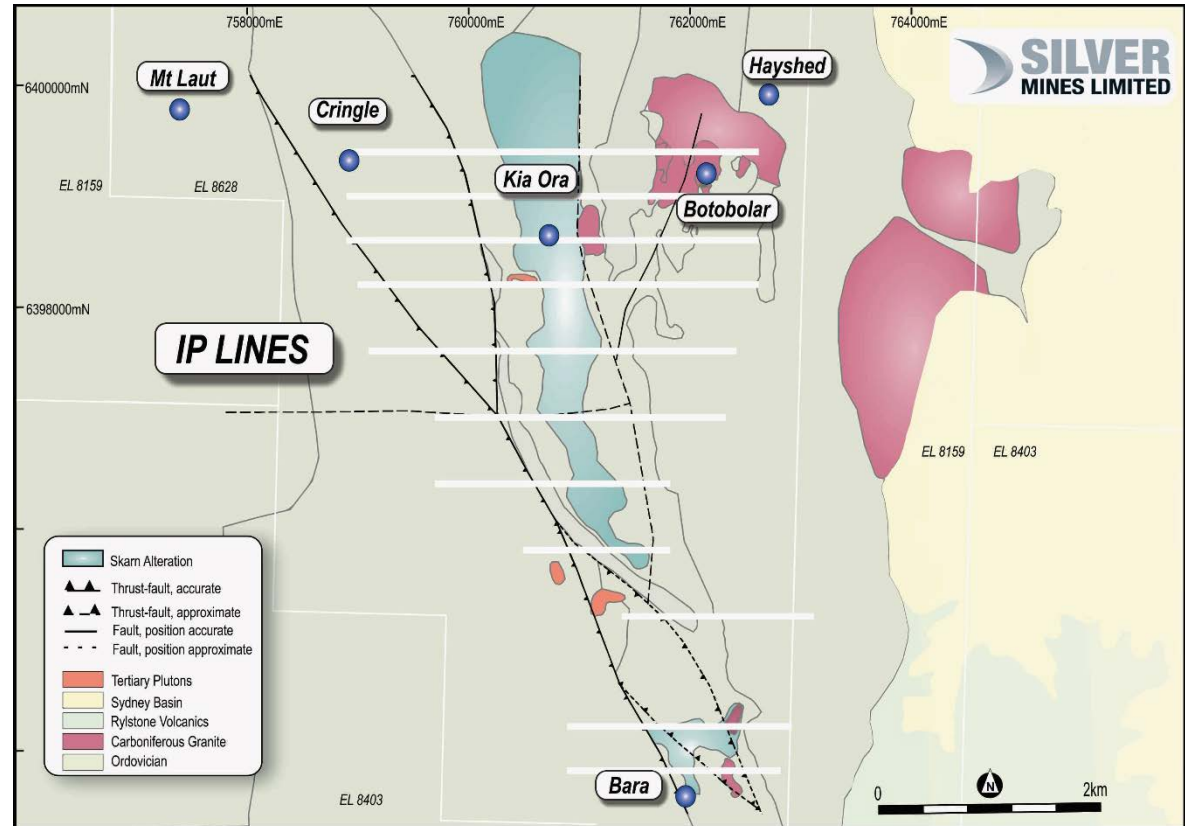
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Kia Ora Skarn (Barabolar Project)

Work Program

- Geological and structural mapping complete.
- Soil program complete highlighting extensive Cu-Mo-Zn-Ag-Au anomalism.
- Induced Polarisation (IP) program (~30 line kms) to be complete early July.
- Initial drilling 2nd half year calendar 2018.



Coming up

- Completion of Environmental Impact Statement.
- Continue to expand Northwest High-Grade Zone.
- Drill Test of Southwest Target Zone.
- Complete IP geophysics at Barabolar.
- Target & Drill Test Barabolar 2nd half 2018 calendar year.
- Continue to expand mineral resources and targets in this major mineralised region.

Summary

- ✓ Largest undeveloped silver deposit in Australia and one of the largest globally - extensive exploration play.
- ✓ Completion of Minerals Resources Sept 2017.
- ✓ Completion of maiden Reserve Statement May 2018.
- ✓ Completion of Feasibility Study June 2018.
- ✓ Discovered new high-grade silver zones at depth.
- ✓ Discovered new base-metal massive sulphide including gold.
- ✓ Discovered extensive mineralised skarn zone with Cu/Mo/Au.
- ✓ Discovered porphyritic felsic intrusion under the current resource.
- ✓ Experienced management with history of wealth creation.
- ✓ Timing 'sweet spot' with macroeconomic trends.



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Appendix 1 – Bowdens Silver Reserve (as at May 2018)

	Tonnes (Mt)	Silver Eq. (g/t)	Silver (g/t)	Zinc (%)	Lead (%)	Silver Eq. Million Ounces	Silver Million Ounces	Zinc Kilo- tonnes	Lead Kilo- tonnes
Proved	28.6	102.2	69.75	0.44	0.32	93.85	64.05	125.11	91.43
Probable	1.3	84.4	53.15	0.43	0.29	3.60	2.27	5.74	3.91
Total	29.9	101.4	69.01	0.44	0.32	97.45	66.32	130.84	95.33

The Bowdens Reserve has been compiled by AMC Consultants Pty Ltd and is based on the September 2017 Mineral Resource Estimate generated for Silver Mines by H & S Consultants Pty Ltd (see ASX announcement 19 September 2017). For full disclosures refer to the Silver Mines Limited announcement of 30 May 2018.

1. Calculations have been rounded to the nearest 100,000 t, 0.1 g/t silver and 0.01% zinc and lead grades respectively. The Ore Reserve is reported by economic cut-off grade with appropriate consideration of modifying factors including costs, geotechnical considerations, mining and process recoveries and metal pricing.
2. Bowdens' silver equivalent: $\text{Ag Eq (g/t)} = \text{Ag (g/t)} + 33.48 \times \text{Pb (\%)} + 49.61 \times \text{Zn (\%)}$ calculated from prices of US\$20/oz silver, US\$1.50/lb zinc, US\$1.00/lb lead and metallurgical recoveries of 85% silver, 82% zinc and 83% lead estimated from test work commissioned by Silver Mines Limited.

Appendix 2 – Bowdens Silver Resource (as at September 2017)

30 g/t Ag Eq Cut	Tonnes (Mt)	Silver Eq. (g/t)	Silver (g/t)	Zinc (%)	Lead (%)	Million Ounces Silver	Million Ounces Silver Eq.
Measured	76	72	45	0.37	0.25	111	175
Indicated	29	59	31	0.38	0.25	29	55
Measured & Indicated	105	68	41	0.37	0.25	140	230
Inferred	23	60	31	0.40	0.28	23	45
Total	128	67	40	0.38	0.26	163	275

The Bowdens Mineral Resource Estimate has been compiled by H&S Consultants Pty Ltd using Multiple Indicator Kriging and the reporting is compliant with the 2012 JORC Code and Guidelines. For full disclosures refer to the Silver Mines Limited announcement of 19 September 2017.

1. Bowdens' silver equivalent: $\text{Ag Eq (g/t)} = \text{Ag (g/t)} + 33.48 \times \text{Pb (\%)} + 49.61 \times \text{Zn (\%)}$ calculated from prices of US\$20/oz silver, US\$1.50/lb zinc, US\$1.00/lb lead and metallurgical recoveries of 85% silver, 82% zinc and 83% lead estimated from test work commissioned by Silver Mines Limited.
2. Bowdens Silver Mineral Resource Estimate is reported to a 30g/t Ag Eq cut off and extends from surface and is trimmed to 300 metres RL which is approximately 320 metres below surface representing a potential volume for open-pit optimisation models.
3. In the Company's opinion, the silver, zinc and lead included in the metal equivalent calculations have a reasonable potential to be recovered and sold.
4. Variability of summation may occur due to rounding.

Appendix 3 - Bowdens Silver Resource (as at September 2017)

Cut off g/t Ag Eq	Tonnes (Mt)	Silver Eq. (g/t)	Silver (g/t)	Zinc (%)	Lead (%)	Million Ounces Silver	Million Ounces Silver Eq.
0	397.2	30.7	17.6	0.18	0.12	225	392
10	261.7	43.7	25.2	0.26	0.17	212	368
20	185.2	54.6	31.7	0.32	0.21	189	325
30	127.9	66.8	39.6	0.38	0.26	163	275
40	89.2	79.7	48.6	0.43	0.29	139	229
50	63.6	92.8	58.4	0.47	0.33	119	190
60	46.1	106.3	69.1	0.51	0.36	102	158
70	33.7	120.8	80.9	0.54	0.39	87	131
80	25.1	135.5	93.4	0.57	0.42	75	109
90	19.2	149.9	105.6	0.59	0.45	65	93
100	15.1	163.7	117.5	0.62	0.47	57	80
120	9.6	192.3	141.4	0.67	0.53	44	59

Appendix 4 - Silver Mines Resource Inventory

Deposit name	Tonnes (Mt)	Silver Eq. (g/t)	Silver (g/t)	Silver (Moz)	Silver Eq. (Moz)	Status
Bowdens Silver	128	67	40	163	275	100% owned
Webbs ¹	1.5	345	245	11.7	16.5	100% owned
Conrad ¹	2.6	206	105.4	9.0	17.5	100% owned
Total				184	309	

1. For further information on the Webbs and Conrad Projects refer to the Silver Mines Limited website.

Appendix 5 – Board of Directors

Keith Perrett, Chairman

Mr Perrett has had a long involvement in agriculture as a producer and industry leader at local, state, national and international levels. He was formerly Chairman of the Grains Research and Development Corporation (GRDC), the National Rural Advisory Council (NRAC), the Wheat Research Foundation, and President of the Grains Council of Australia.

Anthony McClure, Managing Director

Mr McClure graduated with a Bachelor of Science (Geology) degree from Macquarie University in 1986. He has had 30 years technical, management and financial experience in the resource sector worldwide in project management and executive development roles. He has also worked in the financial services sector within the mineral and energy sectors.

Mr McClure is currently a director of unlisted public company Mekong Minerals Limited (since October 2010) and listed company Planet Gas Limited (since August 2003) and. He is also a past director of Bolnisi Gold NL and European Gas Limited.

Peter Langworthy, Non-Executive Director

Mr Langworthy graduated with a Bachelor of Science (Geology) degree (Hons) from Macquarie University in 1986. His career spans 30 years in mineral exploration and project development both in Australia and internationally. His industry experience includes senior management roles with WMC Resources Limited, PacMin Mining Limited, and Jubilee Mines NL. Mr Langworthy led the management team that was responsible for numerous discoveries that led to the outstanding success of Jubilee Mines.

Mr Langworthy is currently Chairman of Syndicated Metals Limited (since March 2012) and Technical Director at Capricorn Metals Limited (since July 2013.) Mr Langworthy previously held non-executive directorships with Northern Star Resources Limited, Talisman Mining Limited, Falcon Minerals Limited and Pioneer Resources Limited.

Jonathan (Jo) Battershill, Non Executive Director

Mr Battershill graduated with a Bachelor of Engineering (Geology) degree (Hons) from the Camborne School of Mines, United Kingdom in 1995. His career spans over 20 years in mining, business development and finance both in Australia and internationally. His industry experience includes senior operational and business development roles with WMC Resources Limited as well as significant stockbroking experience at Hartleys, Citigroup and UBS both in Sydney and London. Mr Battershill was consistently voted one of the leading mining analysts in Australia between 2009 and 2015 by institutional investors.

Until recently, Mr Battershill was the Global Mining Strategist (Executive Director) with the UBS investment bank in London and is currently the Principal of JJB Advisory Limited, a private advisory and consulting firm based in the UK.

Competent Persons Statements

Ore Reserve

The information in this report that relates to Ore Reserves within the Bowdens Silver Project is based on information compiled or reviewed by Mr Adrian Jones of AMC Consultants Pty Ltd who is a consultant to the Company. Mr Jones is a member of the Member of the Australasian Institute of Mining and Metallurgy 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 Jones consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Mr Jones visited the Bowdens mine site during April 2017 to review the operations, consider the conditions of the site, and assess the data collection methods and techniques used by site personnel.

The Ore Reserve has been prepared by Mr Adrian Jones, AMC Consultants Pty Ltd, after peer review of the mining section of the Feasibility Study. Other experts relied upon include H & S Consultants Pty Ltd, GR Engineering Services Limited, ATC Williams Pty Limited. and Jacobs Australia Pty Limited, for Mineral Resources, Metallurgy & Process Design and Tailing Storage Facility design. Work on environmental, marketing and logistics and the financial modelling were undertaken by other consultants on behalf of the Company and certified by representatives of Silver Mines.

Mineral Resources

The information in this report that relates to Mineral Resources is based on work compiled by Mr Arnold van der Heyden who is a Director of H & S Consultants Pty Ltd. Mr van der Heyden is a Member and Chartered Professional (Geology) of the Australian Institute of Mining and Metallurgy 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 van der Heyden consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Exploration and Drill Results

The information in this report that relates to mineral exploration drill results from Bowdens Silver is based on information compiled or reviewed by Mr Darren Holden who is an advisor to the company. Mr Holden is a member of the Australasian Institute of Mining and Metallurgy 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.