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Company Announcement Officer
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RECONNAISSANCE DRILLING UPDATE AT BARABOLAR

HIGHLIGHTS

- **Eight holes completed so far for 1,615 metres of shallow Reverse Circulation (RC) drilling in the south of the Barabolar Project.**
- **Assays pending.**
- **Targeting porphyry, polymetallic and precious metal targets.**
- **Drill rig now converted to diamond drill capability for coring into primary targets in the south of the Barabolar Project.**
- **Rig will then move to the north targets of the Barabolar Project.**
- **Visual results are encouraging so far with mineralisation and alteration indicative of a proximal epithermal/porphyry system.**
- **Specific geological observations include:**
  - **Abundant sphalerite (zinc sulphide) and galena (lead sulphide) over 1 to 2 metre widths (from 48 metres depth) in BAR18001, Bara Mine Prospect.**
  - **Highly silicified felsic volcanic with abundant sulphide including pyrite (iron sulphide) with minor chalcopyrite (copper sulphide) and sphalerite over 40 metres width (from 31 metres depth) in BAR18005, Cupola South Prospect.**
  - **Minor pyrrhotite (iron sulphide) and chalcopyrite in skarn altered sediments in BAR18007 at the Cupola Prospect.**
  - **Dacitic dyke over 6 metres (from 112 metres depth) mineralised with galena, sphalerite and pyrite in BAR18008 at the Cupola Prospect.**

Exploration Drill Program

Silver Mines Limited (ASX:SVL) ("Silver Mines" or "the Company") is pleased to provide an update on the progress of reconnaissance drilling at the Barabolar Project, central New South

Wales. The Barabolar Project is located approximately 26 kilometres east of Mudgee and 10 kilometres northwest of the Company's Bowdens Silver Project.

A total of eight reverse circulation (RC) drill holes (BAR18001-18008) have been completed to date for 1,615 metres across the Bara Mine, Bara North, Cupola South and Cupola prospects *(see Figure 1)*. The first assay results are expected shortly. Hole BAR18003 was stopped short of its 250 metre target depth due to highly fractured/faulted ground at 133 metres and did not intersect the main target—a strong resistivity anomaly. This hole will be continued with diamond drilling.

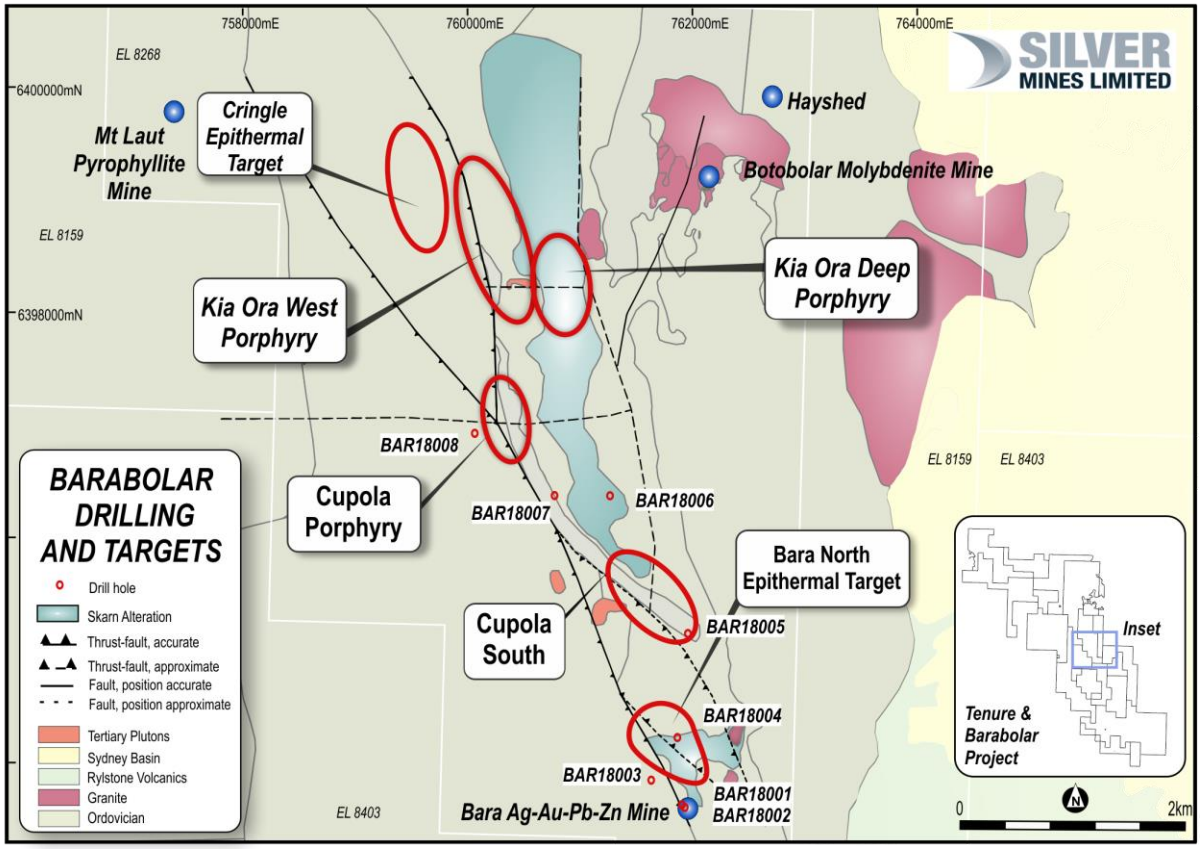

Figure 1. Barabolar Project Drill hole locations

The drill rig is currently changing over to diamond drilling capability to commence the first round of core drilling on the project. Holes BAR18003, BAR18005 and BAR18008 will be extended with diamond coring. The Company anticipates final approvals shortly for the northern prospects, including the Cringle gold-silver prospect, with drilling commencing at the completion of drilling at the southern targets.

The Barabolar Project is a high-quality exploration project located within the highly prospective Macquarie Arc that also hosts world-class mineral systems such as the Cadia-Ridgeway Porphyry copper-gold deposit. The Barabolar Project consists of a 9 kilometre long corridor of copper, silver, lead, zinc and gold soil and rock chip anomalies.

The rocks of the Barabolar Project area are Ordovician age (the same as Cadia-Ridgeway) and include sedimentary and volcanic rocks, an extensive skarn (highly altered limestone), and several porphyritic intrusions. The presence of pyrophyllite alteration along with areas of intensive silicification, and argillic alteration are indicative of high-sulphidation epithermal

systems consistent with copper-gold porphyry targets (r*efer releases dated 24th August 2018, 28th August 2018 and 17th September 2018,).*

Work is on-going at the Barabolar Project with the expansion of mapping and surface sampling across the western section of the prospective corridor. It is likely that further drill targets will be defined.

About the Silver Mines Barabolar Project Area

The Barabolar Project is located in central New South Wales, approximately 26 kilometres east of Mudgee (*see Figure 2*). The recently consolidated area comprises 2,007 km^2 (496,000 acres) of titles covering approximately 80 kilometres of strike of the highly mineralised Rylstone Volcanics and Macquarie Arc. 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 porphyry and skarn hosted copper-gold-molybdenum targets.

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

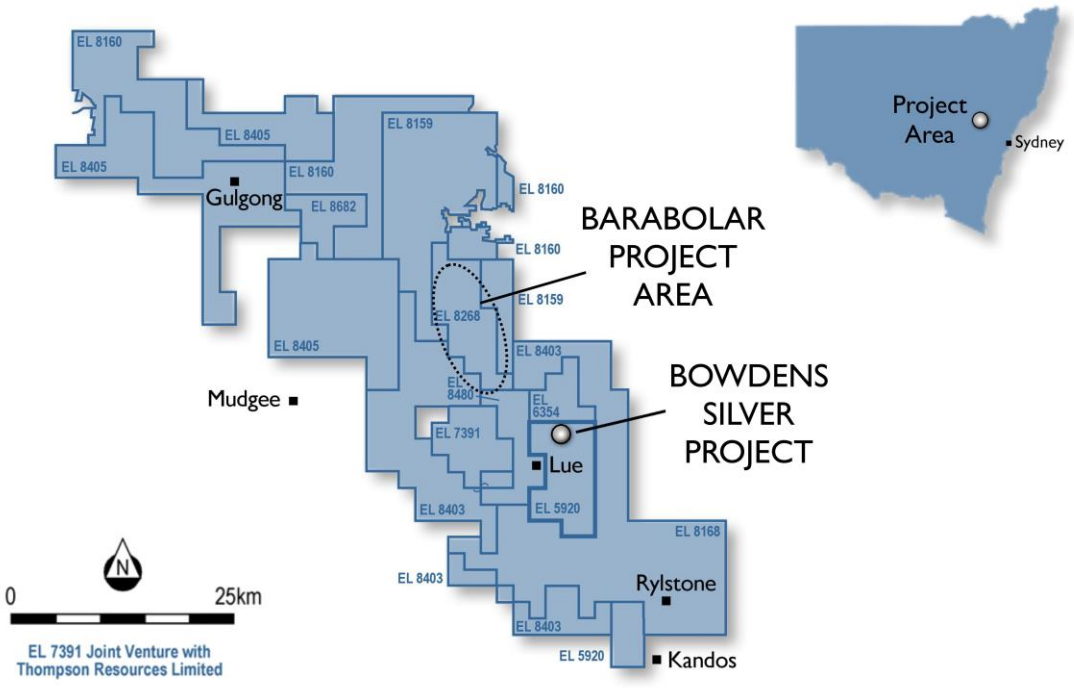

Figure 2. Silver Mines Limited tenement holdings in the Mudgee district.

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Competent Persons Statement

The information in this report that relates to mineral exploration from the Barabolar Project is based on information compiled by the Bowdens Silver team and 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.

Appendix 1 Barabolar Project Drill Hole Details

Prospect	Hole ID	GDA94 East	GDA94 North	RL (m)	Dip	Azimuth (grid)	Depth (m)	Comment
Bara Mine	BAR18001	761926	6393592	659	-55	112	210	
Bara Mine	BAR18002	761919	6393598	663	-55	94	168	
Bara North	BAR18003	761668	6393791	682	-60	90	133	To be extended with diamond core
Bara North	BAR18004	761875	6394197	694	-60	90	198	
Cupola South	BAR18005	761949	6395154	693	-60	340	198	To be extended with diamond core
Cupola	BAR18006	761275	6396360	711	-60	90	210	
Cupola	BAR18007	760780	6396360	700	-60	90	210	
Cupola	BAR18008	760057	6396929	653	-60	80	181	To be extended with diamond core

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JORC Code, 2012 Edition – ANNEXURE 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay.') In other cases, more explanation may be required such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Sampling taken from reverse circulation (RC) drill chips and will be from HQ diamond core. • RC samples collected on a 1m interval from a cone splitter for holes BAR18001 to BAR18003 and a riffle splitter for holes BAR18004 to BAR18008. • HQ size core - all samples taken as nominal 1 metre intervals from quarter-cut core and from the same side of the core. • Each sample represents approximately 2 kilograms of material • Each sample was sent for multi-element assay using ICP techniques and fire assay with the entire sample pulverized and homogenized with a 50g extract taken for assay. • Assays are considered representative of the sample collected.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• RC drilling using a 139mm hammer. • Diamond drilling undertaken using HQ diamond core rig with triple tube for maximum core retention. • All core, where unbroken ground allows, is oriented by drilling team and an orientation line drawn along the base of the hole.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Core recovery is estimated at greater than 95%. • Some zones (less than 10%) were broken core with occasional clay zones where some sample loss may have occurred. However, this is not considered to have materially affected the results. • RC samples are visually inspected for each metre and assessed for recovery, contamination and effect of water if present. • No significant relationship between sample recovery and grade is anticipated.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All diamond holes are logged using lithology, alteration, veining, mineralization and structure including geotechnical structure. • RC chip samples are logged using lithology, alteration, veining and mineralization. • All core and chip trays are photographed using both wet and dry photography. • In all cases the entire hole is logged by a geologist.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core were taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance, results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Selective sub-sampling based on geology to a minimum length of 0.3m for diamond core, while based on metre runs for RC sampling. • RC samples are collected from a cone and then a riffle splitter at a 6% split. The cyclone/splitter system is checked periodically throughout each hole and cleaned when necessary. • RC samples were split on the cyclone into two calico sample bags and a bulk reject. The two calico bags are an A and a B sample, with the A sample being sent to the lab where an assay is required. The two sample bags are visually checked for even sample distribution. • All core is cut using a Corewise core saw with core rotated 10 degrees to the orientation line to preserve the orientation for future reference. • The half (HQ) of the core without the orientation line is then halved again, removed, bagged and sent to the laboratory for assay. • Sample sizes are considered appropriate for the rock type, style of mineralisation, the thickness and consistency of the intersections and assay ranges expected at Bowdens.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibration factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Samples dispatched to ALS Global laboratories in Orange NSW for sample preparation and gold analysis Au-AA25 and 33 multi-element analysis using method ME-ICP61. • Site Standards are inserted every 20 samples to check quality control and laboratory standards and blanks every 25 samples to further check results.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Geology has been logged by site-geologists and significant intersections identified. • All geological logging is entered digitally before inputting into a Maxwell Geoservices database schema. • Primary assay data is sent electronically from the lab to the Silver Mines database administrator and then entered into the geological database for validation. • All assays matched with the logging sheets and loaded directly from the output provided by the laboratory with no manual entry of assays undertaken. • No adjustments were made or required to be made to the assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The collar position is initially surveyed using hand-held GPS with accuracy of +- 3 metres. • Down hole surveys collected every 50 metres using an electronic downhole reflex survey camera. • The terrain includes steep hills and ridges with a topographical model derived from regional and locally flown altimeter data captured alongside magnetic and radiometric data. • All collars recorded in MGA94 zone 55.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• This drilling is designed as preliminary exploration and reconnaissance based on coincident geological, geophysical and geochemical targets. • The Barabolar corridor stretches across nearly 9 kilometres where the Company has prospective targets throughout. Drill spacing at this

Criteria	JORC Code explanation	Commentary
	• *Whether sample compositing has been applied.*	stage is broad but consistent with the existing surface data the Company has on the project. • Sample compositing has not been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drill orientation was designed to intersect the projection of lithology and structure based on surface mapping. • The orientation of mineralisation is yet to be fully established.
Sample security	• *The measures taken to ensure sample security.*	• All samples bagged on site under the supervision of senior geologists and field hands with sample bags tied with cable ties before being driven by site personnel to the ALS laboratory in Orange, NSW (~200km from the site)
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The drilling campaign and drill work includes on-going internal auditing with advice taken on process from external advisors.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Barabolar Project is located wholly within Exploration Licence No EL8268, held wholly by Silver Mines Limited and is located approximately 26km east of Mudgee, New South Wales. • The tenement is in good standing. • The project has a 1.85% Gross Royalty over 100% of EL8268.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• New drilling reported under this table is based on work conducted solely by Silver Mines/Bowdens Silver.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Barabolar Project consists of Ordovician age volcanics and sedimentary rocks intruded by several granitic, dacitic and dioritic intrusions. The ages of the intrusions are interpreted at between Ordovician and Carboniferous age, although some may be younger. • Mineralisation observed at surfaces relates principally to skarn mineralisation, though the Company is using the skarn system to assist in targeting intrusive related (porphyry style) and epithermal base and precious metal deposits.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar;* ○ *elevation or RL (Reduced Level elevation above sea level in metres) of the drill hole collar;* ○ *dip and azimuth of the hole;* ○ *down hole length and interception depth; and* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• All information is included in Appendix 1 of this report.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No assay results are being reported in this report.

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• No assays reported here. The visual mineralisation (sulphide) forms in veins. With this report mainly detailing RC drilling, the orientation of drilling versus the mineralized (sulphide zones) is not established.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to, a plan view of drill hole collar locations and appropriate sectional views.*	• Maps provided in the body of this report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• No results have been received to date. Drilling is ongoing with results expected to provide an assessment of mineralised zones encountered.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including but not limited to: geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics and potential deleterious or contaminating substances.*	• This report relates to drill data reported from this program.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• This report relates to a drill program that is designed to test a range of geophysical induced polarization chargeability targets and surface geological targets. Drilling is on-going with results pending.