

**14 December 2018**

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

## **UPDATED EARN-IN AGREEMENT WITH THOMSON RESOURCES, MUDGEE REGION, NSW**

Silver Mines Limited (ASX:SVL) (“Silver Mines” or “the Company”) is pleased to announce the completion of an agreement with Thomson Resources Limited (ASX:TMZ) with regards to EL 7391 located approximately 25 kilometres east of Mudgee in New South Wales.

The agreement is an update to a previous agreement (*refer ASX announcement of 5<sup>th</sup> December 2015*). The new agreement allows for Silver Mines to earn up to an 80% interest in the licence by sole funding \$380,000 over three years of which \$80,000 has been expended.

EL 7391 is situated approximately 15 kilometres south of the Company’s new Barabolar Project and approximately 10 kilometres west of the Company’s Bowdens Silver Project (*Refer Figure 1*).

The licence covers the eastern edge of the Silurian Hill End Trough within the Lachlan Fold Belt. Elsewhere in New South Wales this geological sequence hosts several volcanogenic massive sulphide deposits (VMS). The broader Lachlan Fold Belt is regarded as prospective for porphyry deposits, with focus being on the Macquarie Arc complex.

EL 7391 includes a previously identified strong sericite-pyrite-silica alteration zone coincident with zinc, lead, gold and silver soil and rock chip anomalies. Soil anomalism continues over an area of at least 1000 metres by 400 metres with limited historical drilling. These surface anomalies are underlain by rhyolite to dacite volcanics, a typical setting for VMS deposits.

High resolution magnetic and radiometric surveys have indicated that EL 7391 is underlain by a complex sequence of magmatic rocks. These include a series of felsic dykes and other intrusions. Other notable targets have been identified using versatile time-domain electromagnetic (VTEM) and are yet to be drill tested.

EL 7391 is currently undergoing renewal, which if granted will be valid for six years.

Subject to renewal and landholder access, Silver Mines’ initial plans include further defining known soil geochemistry anomalism and undertaking ground based electromagnetic work prior to any drilling.

Amongst the terms of the earn-in agreement, Thomson Resources will be free carried to the completion of a Feasibility Study, after which a Joint Venture will operate. Under the Joint Venture, both parties would be required to fund expenditure in line with their respective interests.

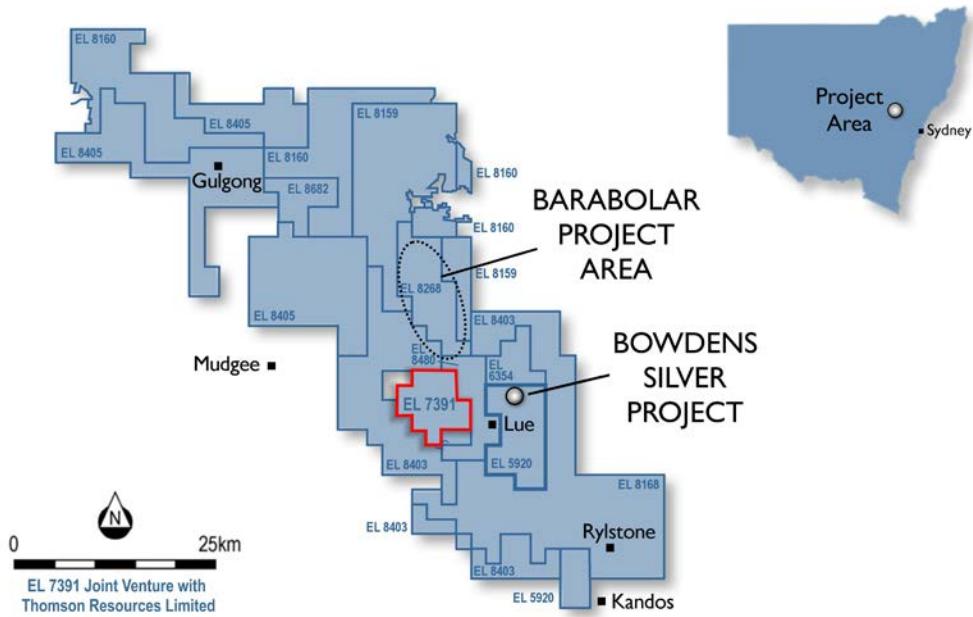


Figure 1. Silver Mines Limited tenement holdings in the Mudgee district.

**Further information:**

Anthony McClure  
 Managing Director  
 Silver Mines Limited  
 +61 2 8316 3997

Luke Forrestal  
 Senior Account Director  
 M+C Partners  
 +61 411 479 144

### **Competent Persons Statement**

The information in this report that relates to mineral exploration in the Mudgee region of New South Wales 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.