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HIGH GRADE GOLD TARGETS DEFINED AT THE NEW TUENA PROJECT

HIGHLIGHTS

- **Reconnaissance soil sampling over two prospect areas at the new Tuena Gold Project, NSW has defined multiple large gold and gold-pathfinder anomalies.**
- **Within the larges soil anomalies, four high grade results over 1.0 grams per tonne (g/t) gold in soils (peak of 2.69 g/t gold).**
  - **At the Cooper & McKenzie Prospect newly identified gold soil anomalies extend for over 500 metres strike-length.**
  - **At the Garnet Prospect anomalism over 300 metres in strike length.**
- **Tuena is an historical gold mining district with a cluster of 14 historic gold mines and workings mapped over an area of six kilometres by four kilometres.**
- **100% held licence covers the entire Tuena gold mining district.**
- **High grade historical production recorded from Tuena such as at the Lucky Hit Mine which produced at grades averaging over 60 g/t gold.**
- **Project sits along the continuation of the Godolphin Fault which is closely associated with the multi-million ounce McPhillamys Gold deposit.**
- **Project has previously had no modern exploration.**
- **Follow up and infill programs currently being planned to progress these highly prospective anomalies.**

Tuena Gold Project

Silver Mines Limited (ASX:SVL) ("Silver Mines" or "the Company") is pleased to advise that it has received initial laboratory results from a recent reconnaissance soil sampling program within EL8526 at the Tuena Gold Project ("The Project"). The Project is located in the Southern Tablelands of NSW, 180 kilometres west of Sydney and 150 kilometres southwest of the Company's Bowdens Silver Project.

The Project is situated at the southern end of the highly prospective Hill End Trough within volcanic and sedimentary rocks of Silurian and early Devonian age. Mineralisation occurs within splay structures associated with the Copperhania Thrust Fault. This structure is the continuation of the major Godolphin Fault, which is closely associated with mineralisation at the multi-million ounce McPhillamys gold project located 60 kilometres to the north (Figure 1). The mineralisation at Tuena is considered to be part of a structurally controlled orogenic gold system.

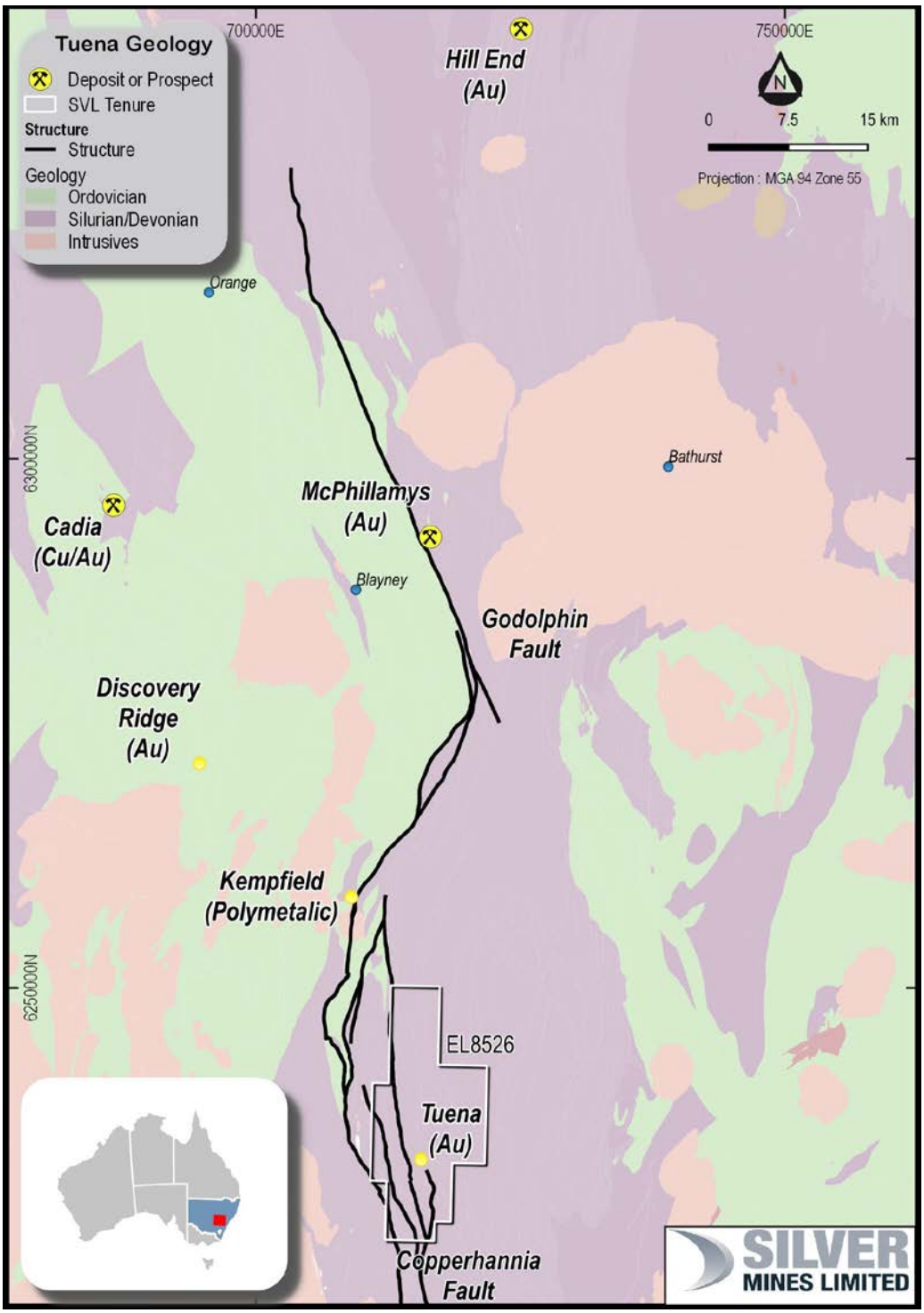

Figure 1. Tuena Project location with regional geology and major deposits.

Gold was first discovered in the Abercrombie River to the north of the town of Tuena in 1851. Tuena became a major settlement during the gold rush. In addition to the alluvial gold workings, however, numerous workings extracted gold principally from quartz reefs. Records of production state that the Lucky Hit Mine, for example, produced at grades of 61.2 g/t Au (NSW Government database). Mineralisation is defined by the existence of historic shafts and audits, and can be observed at surface as structurally controlled shear or vein systems hosted within deformed sediments and volcanics.

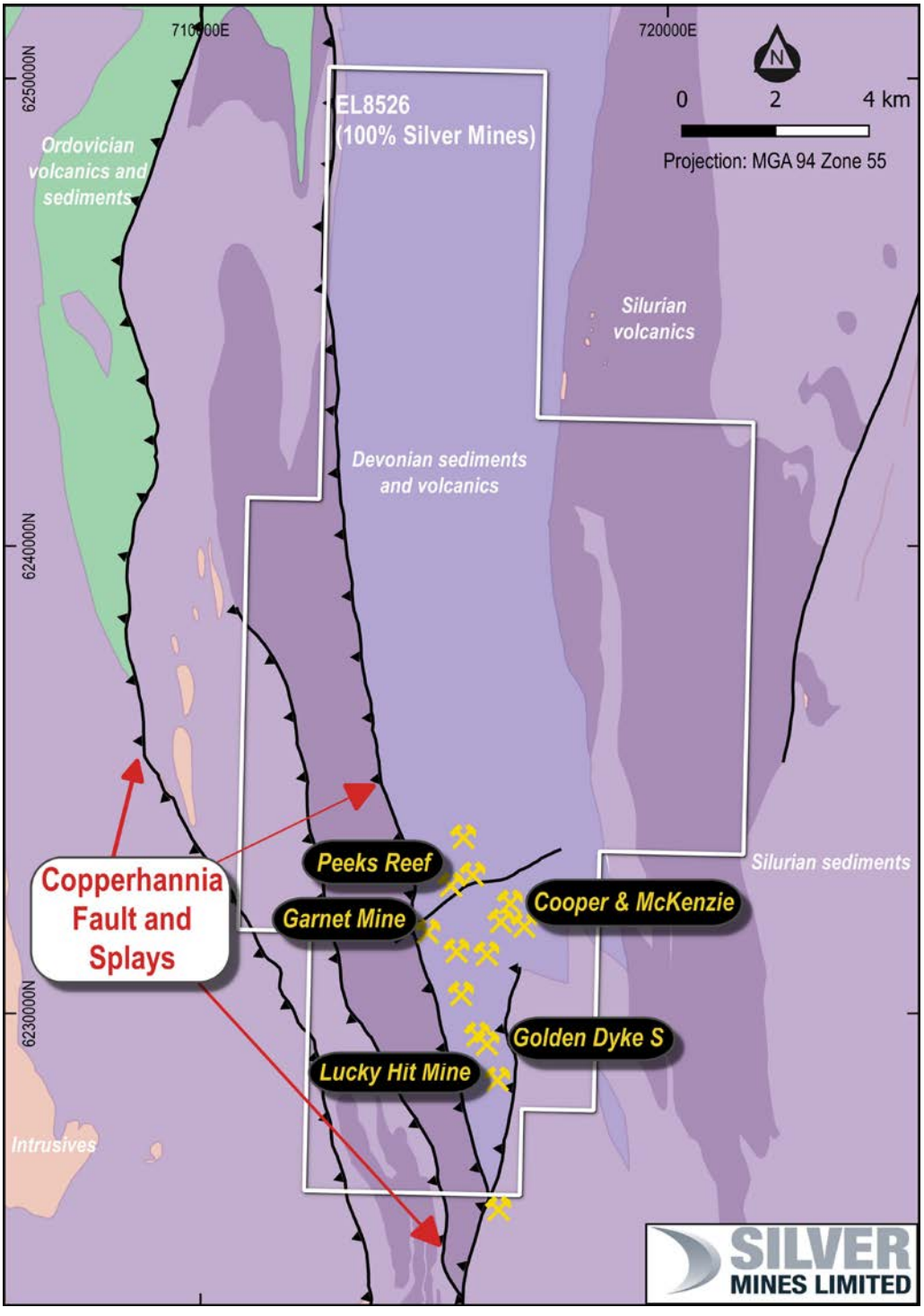

Figure 2. General geology and prospect map of EL8526 showing historic working locations.

Sampling Program

The Company has focussed recent reconnaissance soil sampling over the Lucky Hit, Golden Dyke South, Garnet Mine and Cooper & McKenzie historic workings (Figure 2) to investigate if there is continuity of mineralisation beyond the limits of historic workings. Soil samples were taken from the 'C' horizon, immediately above bedrock, and analysed for gold (Au), silver (Ag), antimony (Sb), bismuth (Bi) and tellurium (Te).

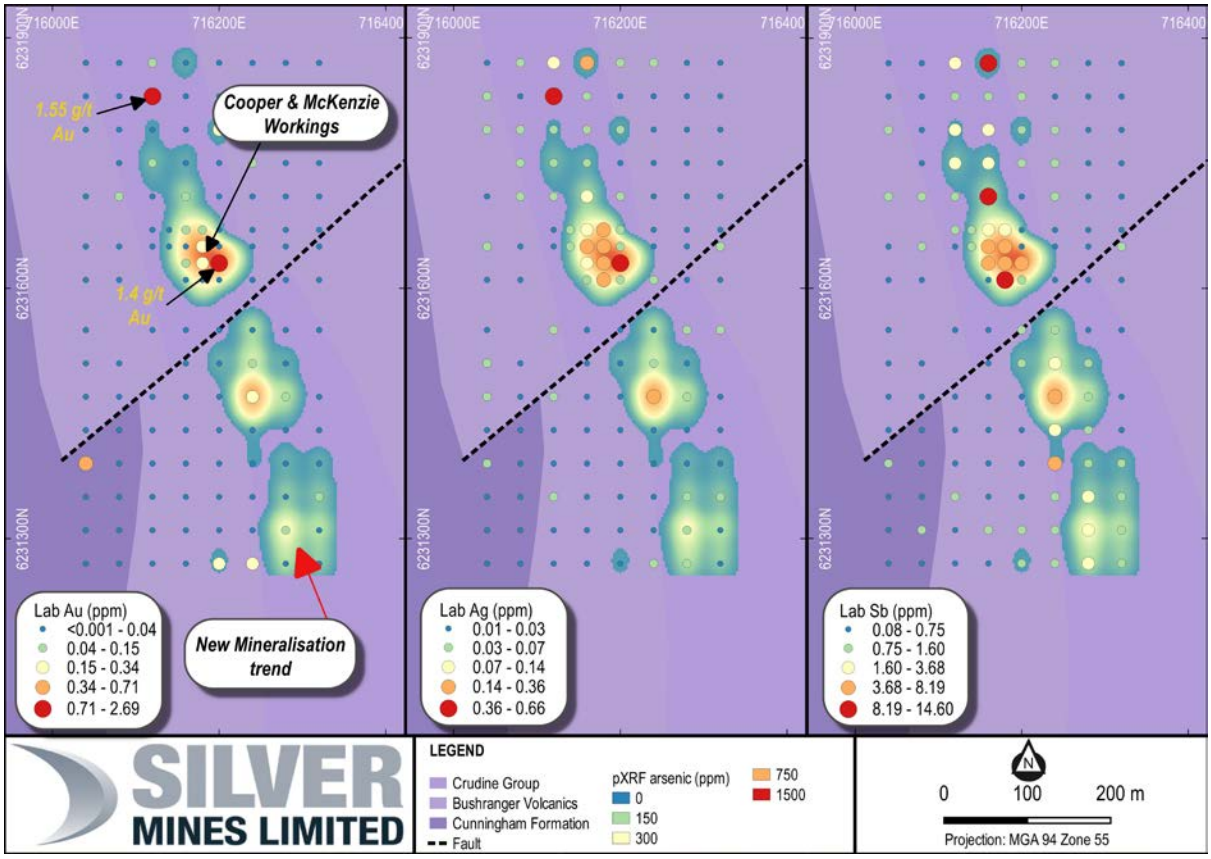

Figure 3. Geochemical results for the Cooper & McKenzie Prospect

At the Cooper & McKenzie prospect (Figure 3), a 500 metre long arsenic anomaly is coincident with strong gold, silver and antimony anomalies. Arsenic, antimony and silver are considered strong pathfinder elements for gold in this region. The Cooper & McKenzie trend is hosted in volcaniclastics and sediments of the Devonian Crudine Group. Mineralisation at all prospects is associated with disseminated sulphides (mainly pyrite) within quartz and carbonate veins.

At the Garnet Mine (Figure 4), mineralisation is hosted within sediments and tuffs of the Devonian Cunningham Formation with an extensive arsenic–gold anomaly located to the west of the old workings. Visible gold was sighted by Company geologists from mine spoil at the Peeks Reef prospect, 1 kilometre to the north of the Garnet Mine.

The Company is currently devising an expanded exploration program for the Tuena Project. This will include increasing the existing soil grids to cover the entire prospective corridor of mineralisation around the historic workings and into the wider Tuena Project. Further reconnaissance work including mapping and rock sampling is also being proposed. In addition, a number of geophysical techniques are being reviewed to assess their application to this

project. The aim of upcoming work is to further assess the scale of mineral system and the structural controls on mineralisation.

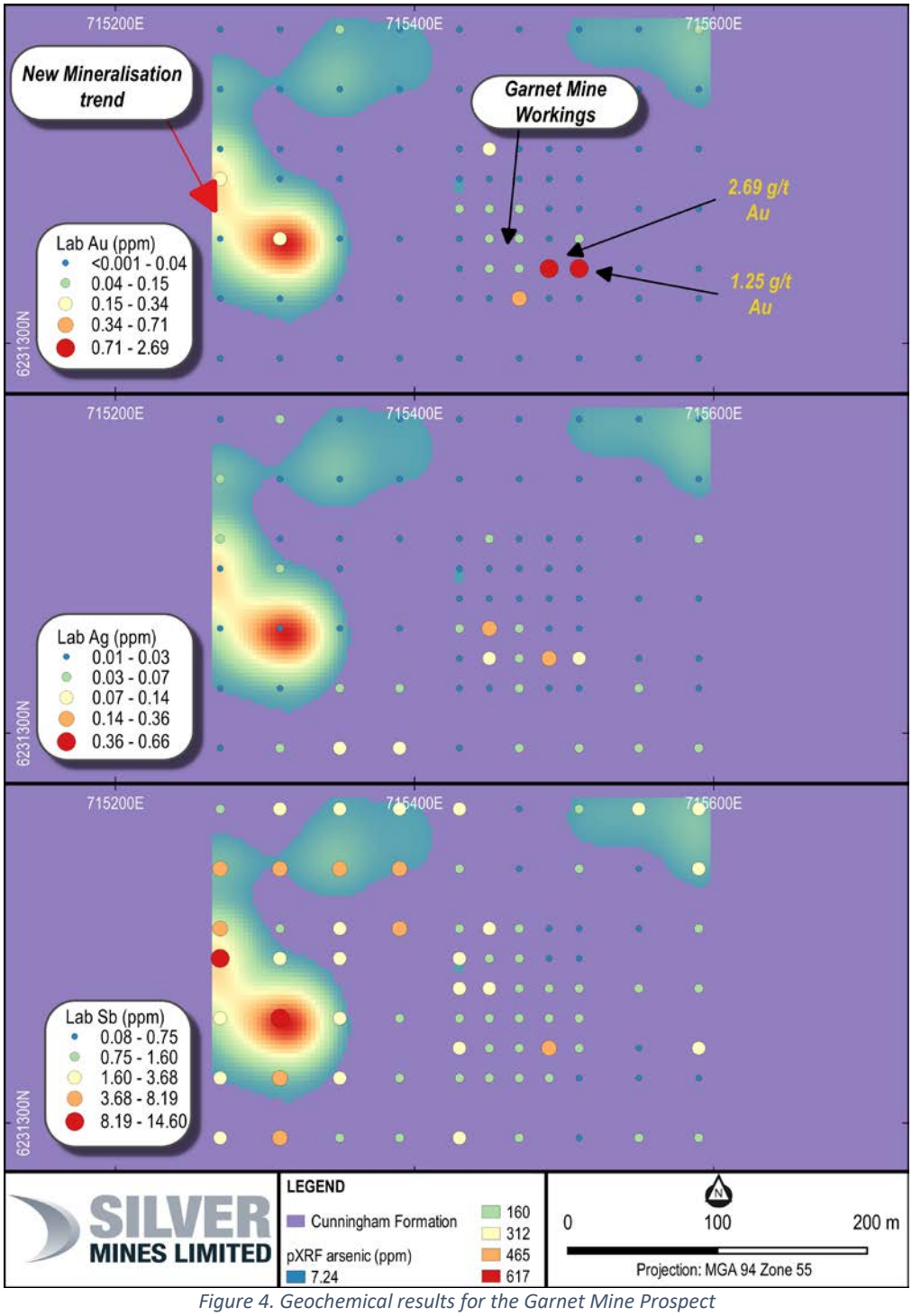

Figure 4. Geochemical results for the Garnet Mine Prospect

About the Tuena Project

The Tuena Gold Project is a regional exploration project that consists of a single exploration license covering approximately 175 square kilometres. The project is 100% owned by Silver Mines Limited and is located in the Southern Tablelands of NSW, 180 kilometres west of Sydney, 80 kilometres south of Orange and 150 kilometres southwest of the Company's primary assets the Bowdens Silver Project and the Barabolar Project. The Tuena licence was a new application and granted March 2017. Tuena was the site of a mid-1800s alluvial and hard-rock gold rush. A cluster of historic workings closely associated with the major Copperhania Thrust Fault extend over an area approximately six kilometres by four kilometres. The Company is targeting the region for large structurally controlled gold deposits analogous, perhaps, to the nearby McPhillamys Gold Deposit.

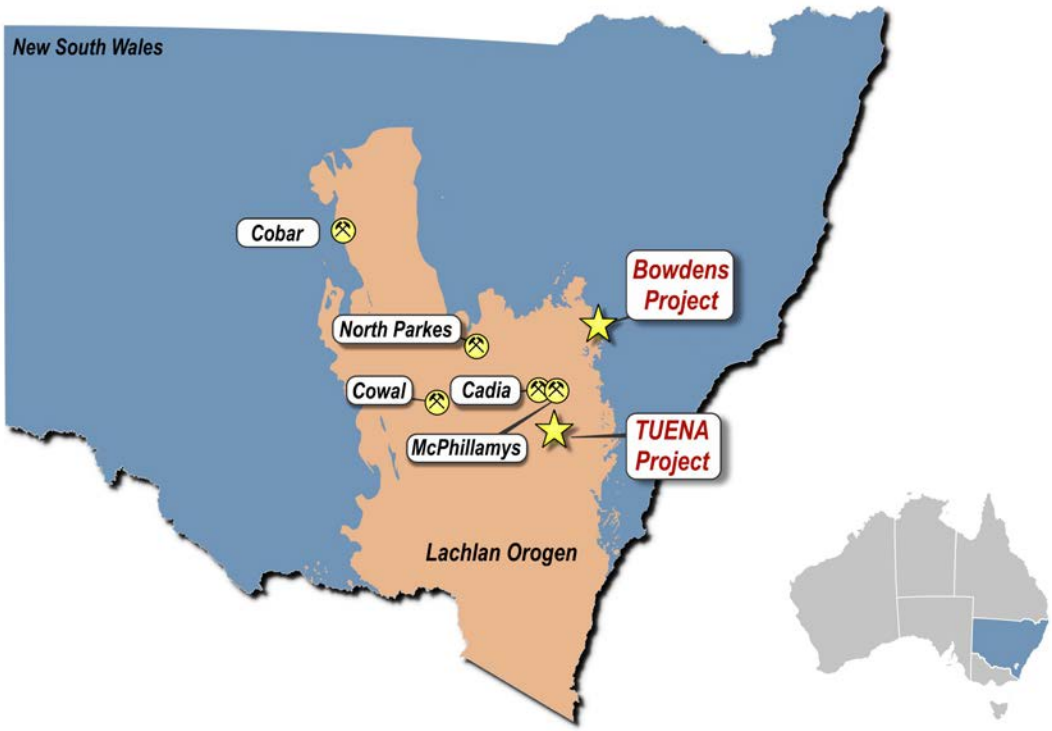

Figure 5. Silver Mines Ltd Projects in New South Wales

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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.

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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.*	• A field soil sample of approximately 1 to 2 kilograms is collected and then sieved to 500 grams through a 20 mesh sieve. The soil is from the 'C' horizon and placed in a paper packet. It is transported back to the Bowdens Silver office in Lue and analysed using an Olympus Vanta portable XRF analyser before being sent to ALS in Orange.
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).*	• No drilling is reported in this release.
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.*	• No drilling is reported in this release.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource*	• Soil samples are logged for colour, soil type and moisture content.

Criteria	JORC Code explanation	Commentary
	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.*	
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.*	• Soil samples are sieved to 20 mesh size for analysis by the portable XRF. • Soil samples are then further screened by the lab to 60 mesh size (-250 microns) for analysis at ALS. • Samples are collected on both 40m x 20m grid and 40m x 40m grid.
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.*	• Soil samples are analyzed by an Olympus Vanta XRF analyzer using “soil mode” • The XRF reading time is 60 seconds • The XRF is calibrated using recommended at least daily. • For arsenic (as reported in this release) the detection limit is approximately 1 part per million with an accuracy of between 1 and 5ppm. • Lab samples were analysed by Au-TL43 for gold and ME-MS43 for silver, bismuth, antimony and tellurium only. Samples recording gold over 1ppm were analysed by method Au-AROR43.
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.*	• Soil samples have not been independently verified. • All data, including individual XRF and calibration results are stored in the Company’s electronic relational database. • The data has not been adjusted from the raw results received from the XRF analyzer.

Criteria	JORC Code explanation	Commentary
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 sample location is recorded with a hand-held GPS with an accuracy of +/- 3 meters. • All coordinates 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.* • *Whether sample compositing has been applied.*	• XRF grids vary from between 40m x 20m (x,y) and 40m x 40m grids • This spacing is considered sufficient to identify consistency with mapped geological structures.
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.*	• The principal mineralized structures appear to strike NW-SE consistent with the orientation of the lithology. The soil sampling grid is conducted perpendicular to the geological orientation.
Sample security	• *The measures taken to ensure sample security.*	• All soil samples are bagged at the location of collection, and remain unopened until XRF analysis. • Once they have been analysed with the Company's portable XRF they are 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 sampling technique has been reviewed by the independent Company advisor who is also the Competent Person for this release.

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 Tuena Project is located wholly within Exploration Licence No EL8526, held wholly by Silver Mines Limited, through its wholly owned subsidiary Tuena Resources Limited, and is located approximately 80km south of Bathurst, New South Wales. • The tenement is in good standing. • The project has a 1.00% Gross Royalty over 100% of EL8526.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• New sampling reported under this table is based on work conducted solely by Silver Mines/Tuena Resources.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Tuena Project consists of Devonian and Silurian age volcanics and sedimentary rocks which have been regionally and locally deformed during the Tabberabberan orogeny. This has resulted in regional folding and multiple generations of faulting associated with the major Copperhannia Thrust on the western side of the tenement. • Mineralisation is defined by the existence of historic shafts and audits, and can be observed at surface as structurally controlled shear or vein systems hosted within deformed sediments and volcanics.
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:* o *easting and northing of the drill hole collar;* o *elevation or RL (Reduced Level elevation above sea level in metres) of the drill hole collar;* o *dip and azimuth of the hole;* o *down hole length and interception depth; and* o *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. • No drilling is reported in this release.
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 averaging or sample aggregation has been conducted.
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').*	• The principal mineralized structures appear to strike NW to SE and as such the soil sampling grids are conducted perpendicular to geological orientation.

Criteria	JORC Code explanation	Commentary
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.*	• Only arsenic anomalism from the portable XRF results, along with the laboratory results, are reported in this release.
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 an overall status and description of current exploration knowledge at the Tuena Project.
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.*	• Further exploration work will be conducted to refined the gold targets generated from this work.