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30 April 2019

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

ACTIVITIES REPORT FOR THE QUARTER ENDED

31 March 2019

Highlights

- **Drilling commenced at the high priority Cringle and Kia Ora West prospects located at the Barabolar Project, NSW.**
  - **Highly prospective targets highlighted by 800 metres of strike length of high-grade gold and silver in outcrop at up to 5.9 g/t gold and 239 g/t silver.**
  - **Program of up to 2,800 metres of reverse circulation drilling and possible diamond core extensions to planned holes.**
  - **First results from this program are expected in the June 2019 quarter.**
- **Reconnaissance soil sampling over two prospect areas at the new Tuena Gold Project, NSW has defined multiple large gold and gold-pathfinder anomalies.**
  - **At the Cooper & McKenzie Prospect, newly identified gold anomalism extends for over 500 metres in strike-length.**
  - **At the Garnet Prospect, gold anomalism extends more than 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.**
- **Environmental Impact Statement for the Bowdens Silver Project reaching final stages.**
- **Placement conducted to institutional, professional and sophisticated investors raising $3 million (before costs).**

Bowdens Silver and Barabolar Projects

During the March 2019 quarter, Silver Mines Limited (ASX:SVL) ("Silver Mines" or "the Company") continued to progress exploration activities at the Barabolar Project as well as preparation of the Environmental Impact Statement for the Bowdens Silver Project both of which are located in central New South Wales. The projects are situated approximately 26 kilometres east of Mudgee (*Figure 1* and *Figure 2*). The combined project area comprises 2,007 km^2 (496,000 acres) of titles covering approximately 80 kilometres of strike of highly prospective volcanics and sediments intruded by several phases of porphyry and granitoid rocks. Multiple target styles and mineral occurrences have potential throughout the district including analogues to Bowdens Silver, high-grade silver-lead-zinc epithermal, gold-silver epithermal, volcanogenic massive sulphide (VMS) systems and porphyry and skarn hosted copper-gold-molybdenum targets.

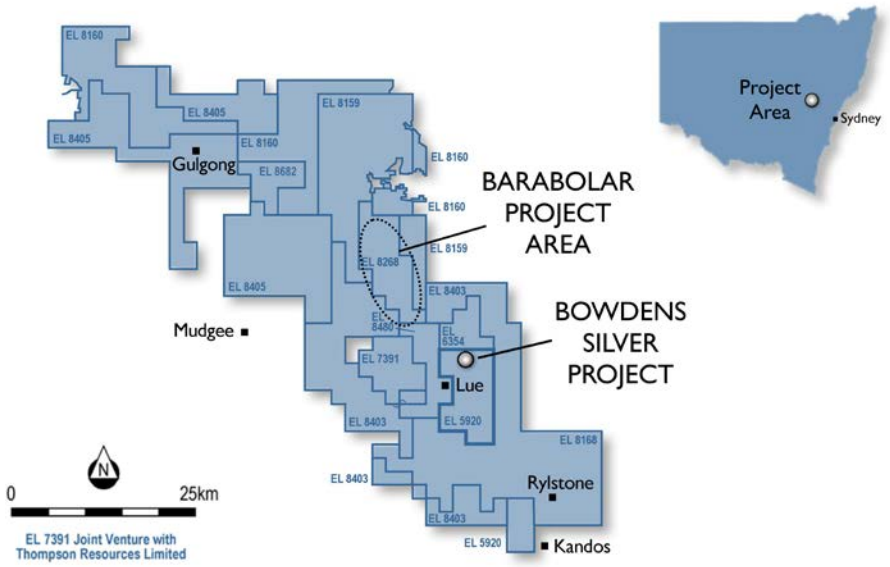

Figure 1. Bowdens Silver tenement holdings in the Mudgee district.

Barabolar Project Area

During the quarter, drilling began at the Cringle Gold and Kia Ora West prospects within the Barabolar Project, which is located 10 kilometres northwest of the Company's Bowdens Silver Project in central NSW.

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. Barabolar consists of a nine kilometre long corridor of copper, silver, lead and zinc 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 and peripheral low-sulphidation epithermal targets.

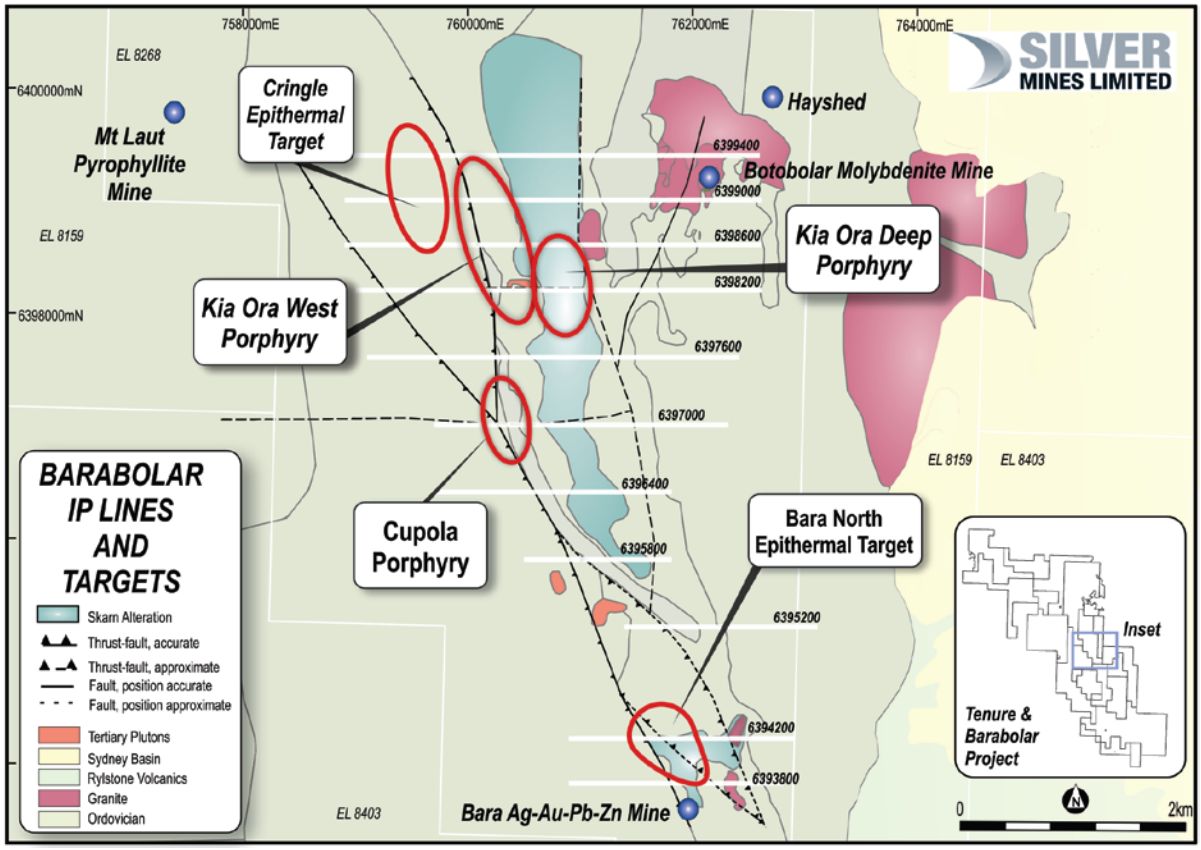

Figure 2. Barabolar prospect and geology map.

A series of gossanous outcrops (weathered iron-rich material) that show an ESE-WNW strike have been identified at the Cringle Prospect. These structures have been sampled and have returned several high-grade gold and silver assay results (*refer Figure 3*). The two structures are inferred to strike over at least 400 metres length each and, based on natural outcrop, appear to be steeply dipping and several metres wide. The two main structures that have been identified to date show a northern most structure returning high-grade silver and a southernmost structure containing high-grade gold results as well as high silver. A further structure grading in gold and silver lies to the west and strikes north-south (*refer to releases dated 17 September 2018, 20 March 2019 and 26 March 2019*).

The Cringle Prospect consists of highly altered Ordovician sediments of the Adaminaby Group with north-south striking interbedded sandstone, siltstone and shales. Previous work has identified a silver-in-soil anomaly >300ppb over an area 950 metres by 800 metres and an induced polarisation geophysical anomaly (interpreted to represent increased sulphide content) over an area 900 metres by 400 metres and extending from surface to greater than 300 metres depth (*refer to Company presentation released 24 August 2018*).

Most recently and immediately to the north and northwest of the Cringle structures, soil sampling using a hand-held x-ray fluorescence mineral analyser (XRF) highlighted two distinct and significant areas of arsenic anomalism. Arsenic is considered a strong pathfinder element for precious metals exploration and in particular gold (*refer Figure 3*). These areas are currently being followed up with rock chip sampling and mapping and it is likely that further drill targets will be defined.

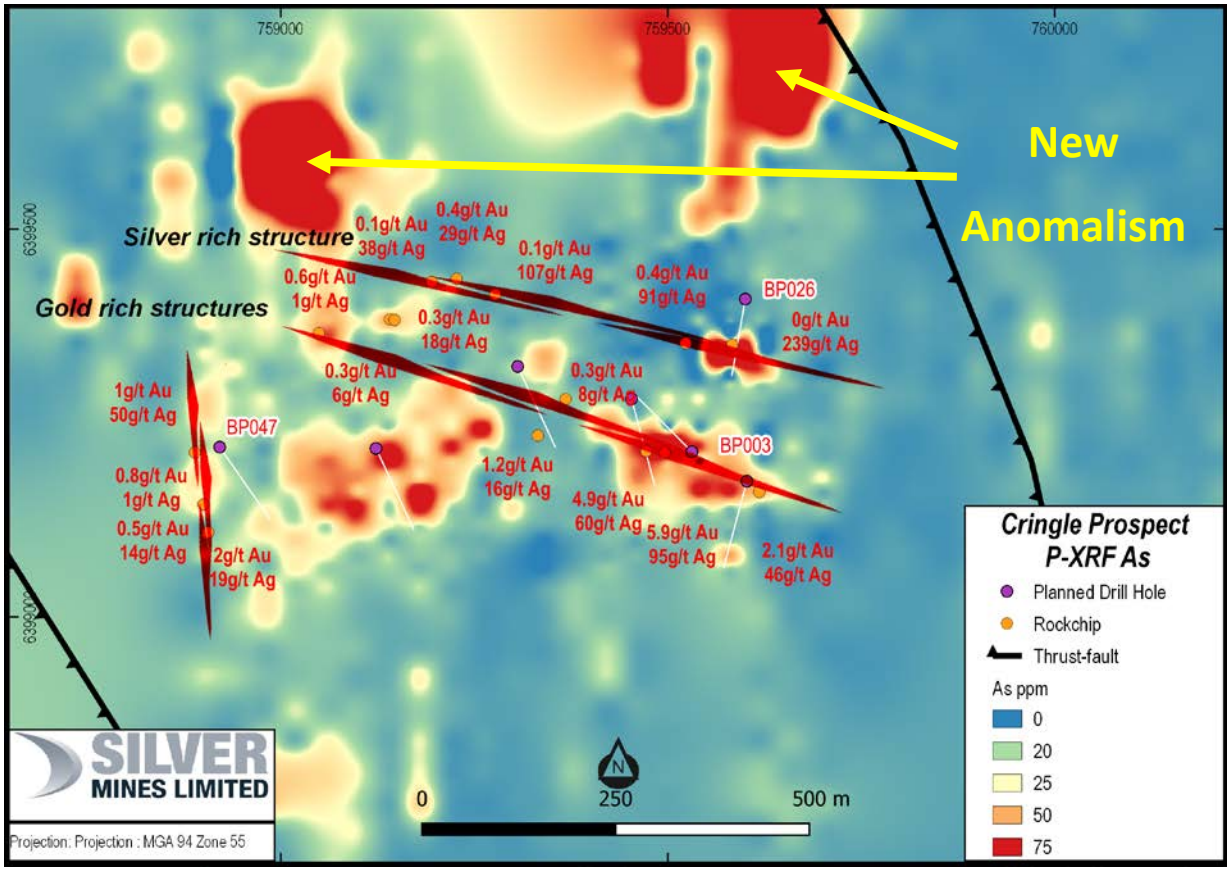

Figure 3. Cringle Prospect rock chip and arsenic anomalism map.

At Kia Ora West, a 1200 metre by 600 metre induced polarisation chargeability anomaly coincides with a 400 metre by 150 metre copper in soils anomaly and porphyritic volcanics at surface (*refer to Figure 4 and Company release dated 16 August 2018*).

The planned drilling program includes nine reverse circulation drill holes for 1800 metres (seven at Cringle and two at Kia Ora West with a further five holes optioned (1000 metres).

First results from the program are expected in the June 2019 quarter.

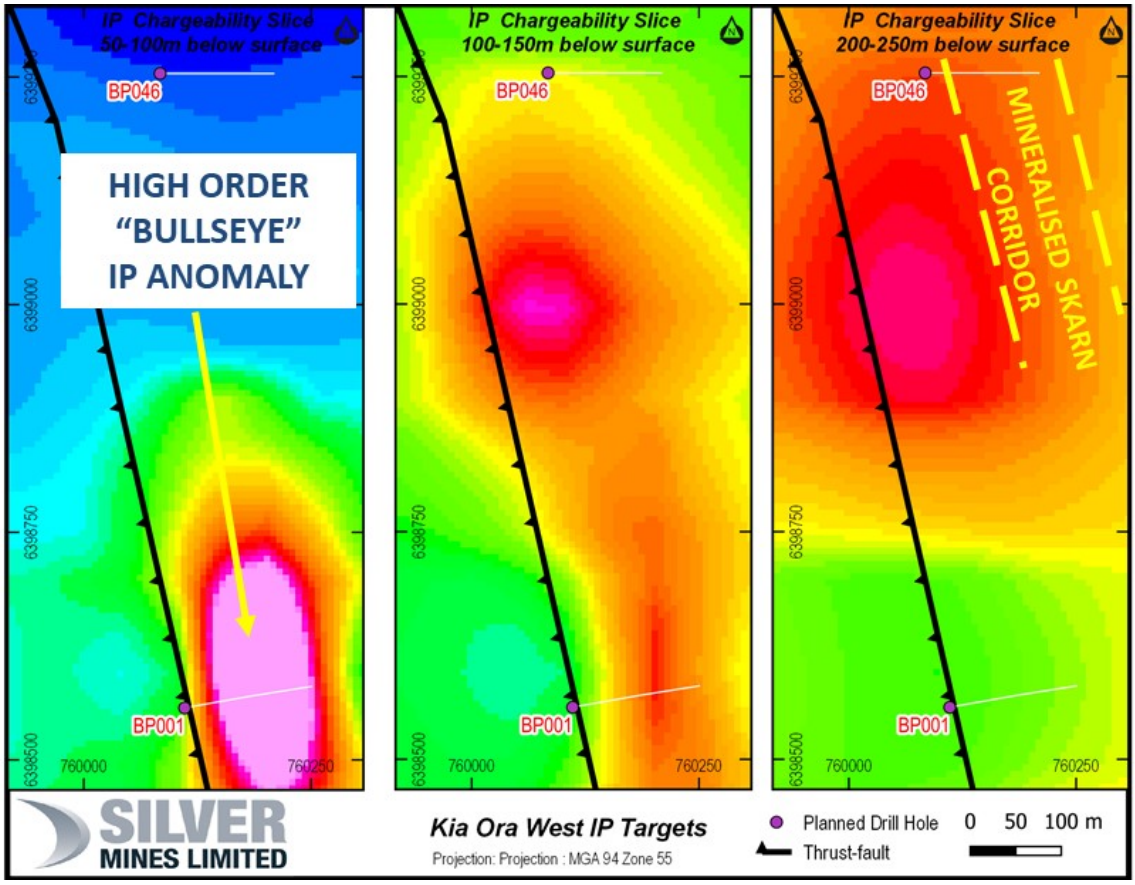

Figure 4. Kia Ora West Prospect Induced Polarisation map.

Elsewhere, work is on-going at the Barabolar Project area, 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.

Bowdens Silver Project - Environmental Impact Statement

The Company, in conjunction with its specialist consultants, is in the final stages of completing the Environmental Impact Statement (EIS) for the Bowdens Silver Project. The EIS follows the successful completion of the Bowdens Silver Project Feasibility Study in the June 2018 quarter.

There are no foreseeable issues that would cause concern in regard to the awarding of development approvals and the granting of a Mining Lease.

Government and Community Engagement

Silver Mines continues an extensive program of consultation with relevant Government departments, local communities, and other interested stakeholders. The program examines the potential impacts and benefits of exploration and development across the substantial Bowdens Silver tenement portfolio. Consultation processes focus on the current potential mine

development area and the wider area where the Company is commencing or undertaking exploration programs.

About the Bowdens Silver Project

The Bowdens Silver Project is located in central New South Wales, approximately 26 kilometres east of Mudgee *(refer to Figure 1)*. The consolidated project area comprises 2,007 km^2 (496,000 acres) of titles covering approximately 80 kilometres of strike of the highly mineralised Rylstone Volcanics. 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 copper-gold targets.

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.

Tuena Gold Project

During the March 2019 quarter the Company advised that it has received initial laboratory results from a recent reconnaissance soil sampling program within EL8526 at the Tuena Gold Project (*refer to release dated 26 March 2019*). 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 *(refer to Figure 5)*. The mineralisation at Tuena is considered to be part of a structurally controlled orogenic gold system.

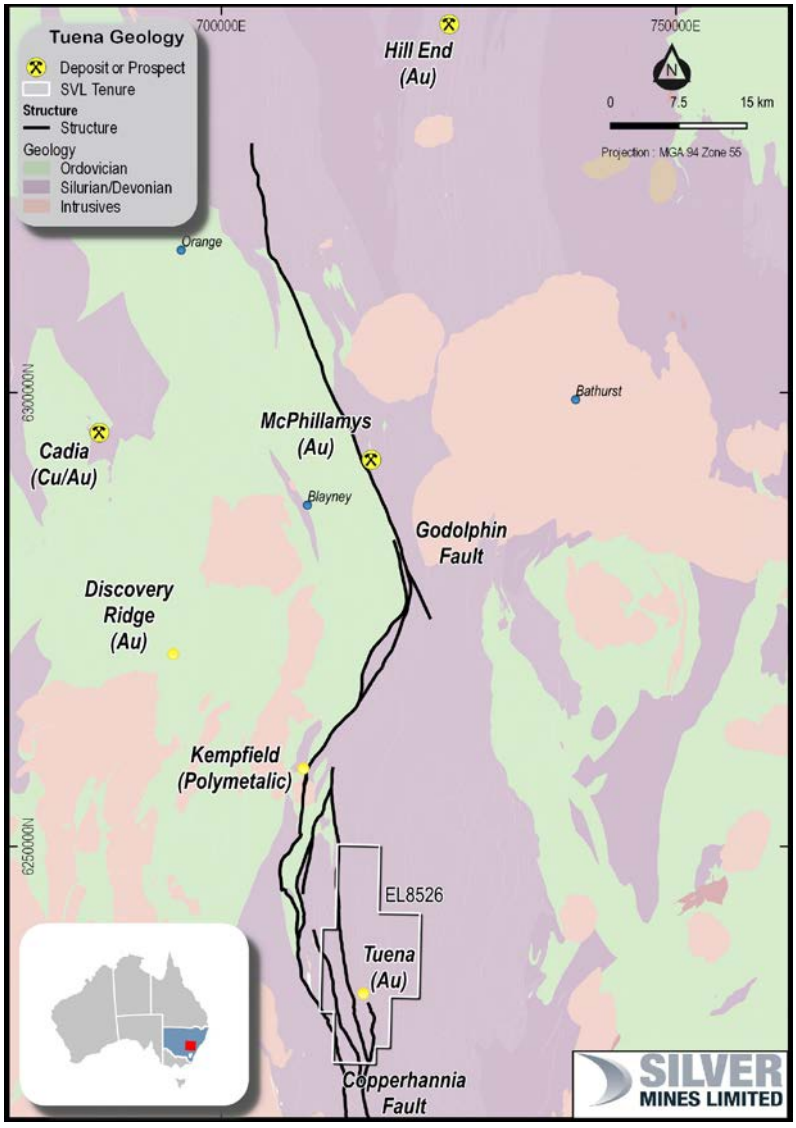

Figure 5. Tuena Project location with regional geology and major deposits.

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.

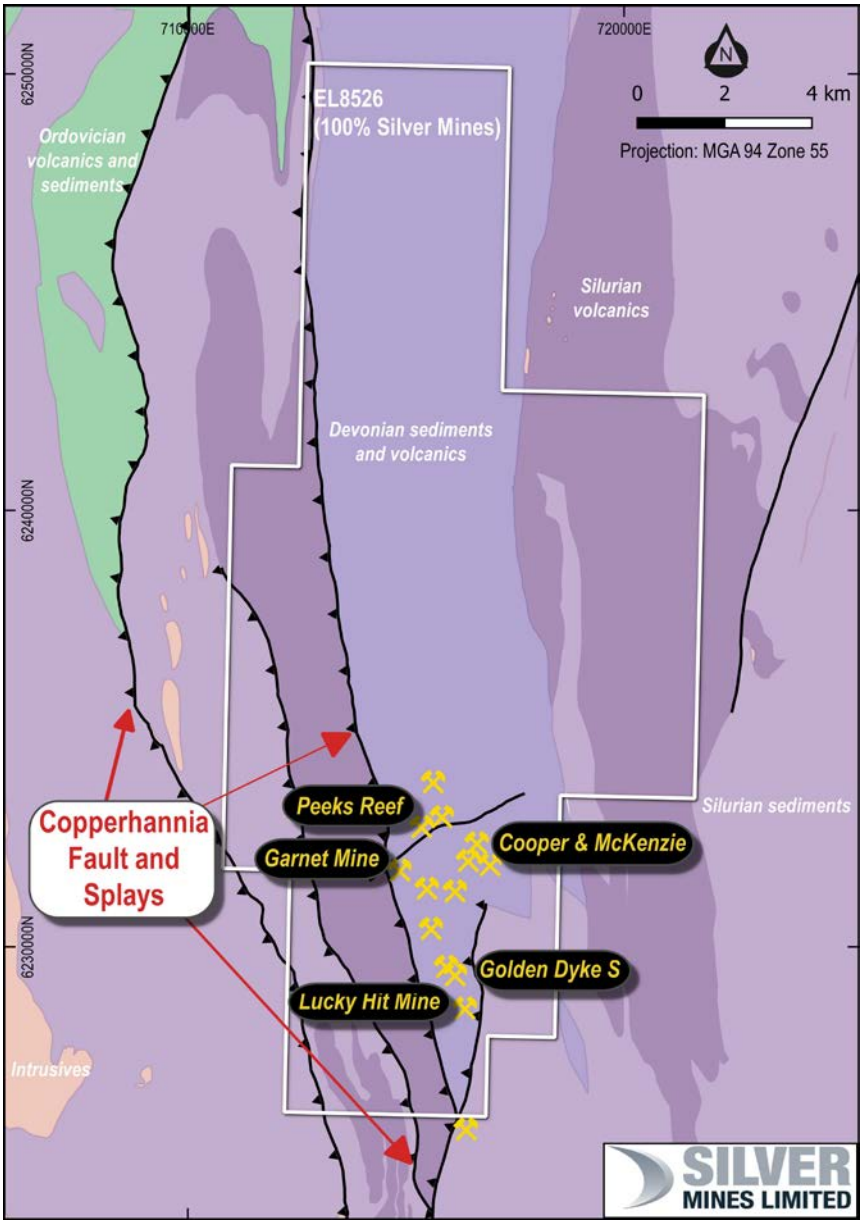

Figure 6. General geology and prospect map of EL8526 showing historic working locations.

Sampling Program

The Company has focussed recent reconnaissance soil sampling over the Lucky Hit, Golden Dyke South, Garnet Mine and Cooper & McKenzie historic workings *(refer to Figure 6)* 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).

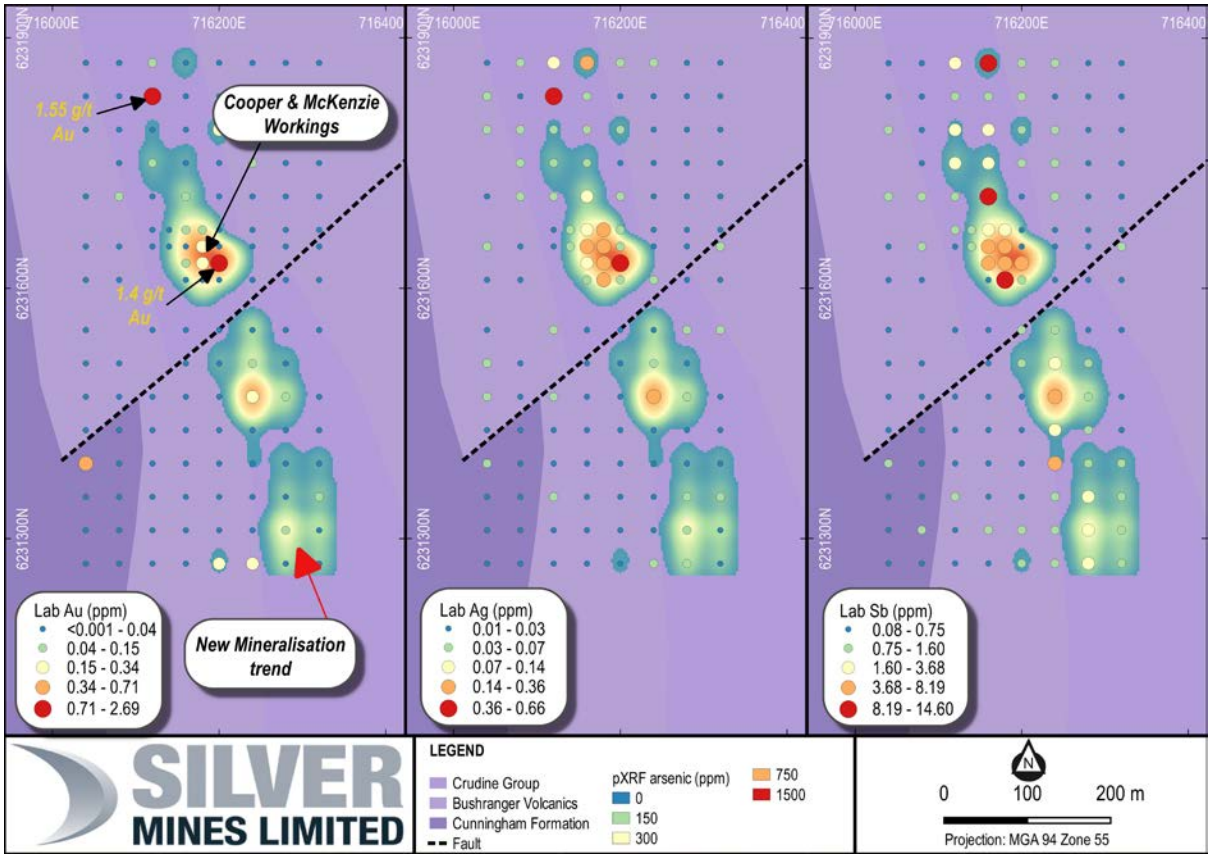

Figure 7. Geochemical results for the Cooper & McKenzie Prospect.

At the Cooper & McKenzie prospect *(refer to Figure 7)*, 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 *(refer to Figure 8)*, 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.

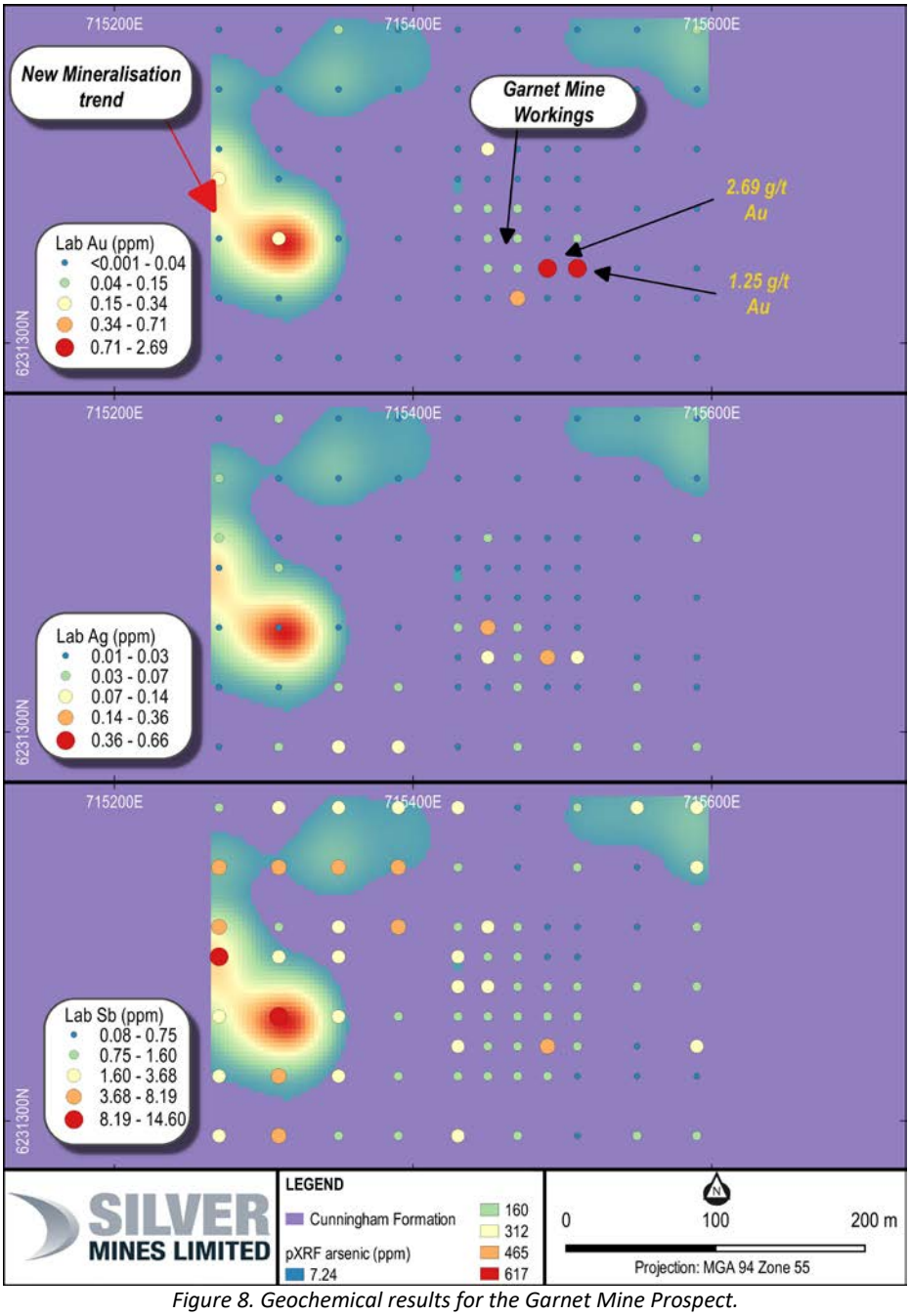

Figure 8. Geochemical results for the Garnet Mine Prospect.

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 *(refer to Figure 9)*. 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.

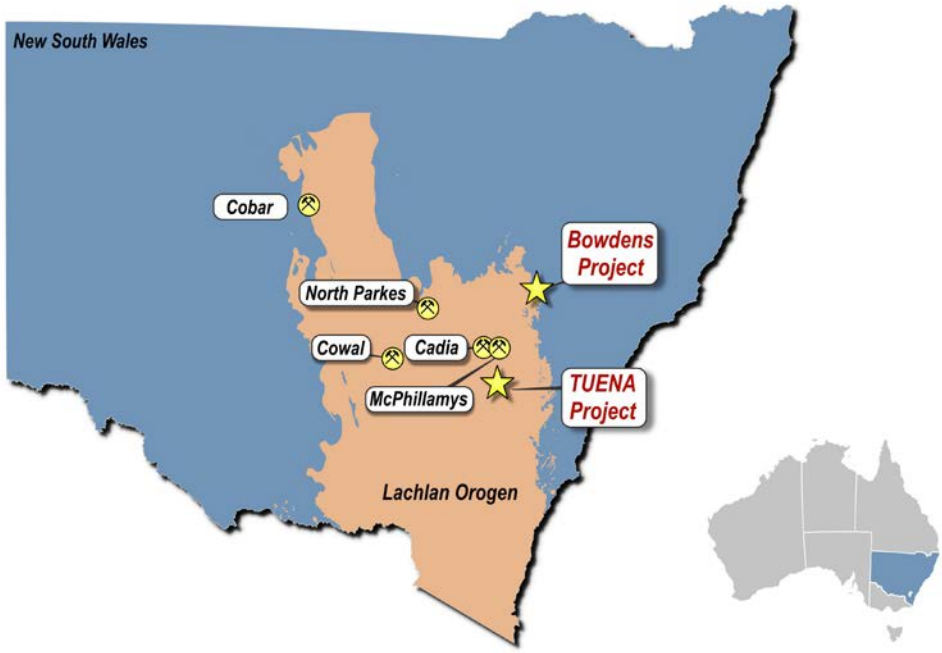

Figure 9. Silver Mines Ltd Projects in New South Wales.

Other Projects

During the March 2019 quarter, the Company continued environmental remediation work at the Webbs and Conrad areas in NSW. The Company continues to assess exploration options and other options for these prospective projects.

Corporate Update

On 29th March 2019, the Company announced that it had conducted a placement to institutional, professional and sophisticated investors, with Patersons Securities Limited acting as Lead Manager. The Placement was fully subscribed and conducted at an issue price of $0.05 per share, raising $3 million (before costs), via the issue of 60,000,000 shares and 30,000,000 options, exercisable at $0.06 and expiring on 6 September 2021.

The placement saw the introduction of new institutional shareholders, in addition to being well-supported by existing shareholders. Managing Director Anthony McClure also subscribed for A$150,000 of shares, with his participation subject to shareholder approval.

The funds raised in the share placement will be used primarily for funding exploration at the Barabolar Project, the completion of the Environmental Impact Statement for the Bowdens Silver Project and for general working capital purposes.

Further information:

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M+C Partners
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About Silver Mines Limited

The Silver Mines strategy has been to consolidate quality silver deposits in New South Wales and to form Australia's pre-eminent silver company.

The Company's goal is to provide exceptional returns to shareholders through the acquisition, exploration and development of quality silver projects and by maximising leverage to an accretive silver price.

Competent Persons Statement

The information in this report that relates to mineral exploration from the Barabolar & Tuena projects 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.

This report contains information extracted from previous ASX releases which are referenced in the report and which are available on the Company's website and the ASX website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcements.

Tenement Information as at 31 March 2019

Tenement	Project Name	Location	Silver Mines Ownership	Change in Quarter
EL 5920	Bowdens Silver	NSW	100%	-
EL 6354	Bowdens Silver	NSW	100%	-
EL 8159	Bowdens Silver	NSW	100%	-
EL 8160	Bowdens Silver	NSW	100%	-
EL 8168	Bowdens Silver	NSW	100%	-
EL 8268	Bowdens Silver	NSW	100%	-
EL 7391[1]	Bowdens Silver	NSW	0%	-
EL 8403	Bowdens Silver	NSW	100%	-
EL 8405	Bowdens Silver	NSW	100%	-
EL 8480	Bowdens Silver	NSW	100%	-
EL 8682	Bowdens Silver	NSW	100%	-
EL 8526	Tuena	NSW	100%	-
EL 5674	Webbs	NSW	100%	-
EPL1050	Conrad	NSW	100%	-
EL 5977	Conrad	NSW	100%	-
ML 6040	Conrad	NSW	100%	-
ML 6041	Conrad	NSW	100%	-
ML 5992	Conrad	NSW	100%	-

1. Under Joint Venture with Thomson Resources Limited. Silver Mines Limited earning 80%.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Silver Mines Limited

ABN	**Quarter ended ("current quarter")**
45 107 452 942	31 March 2019

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	3	139
1.2	Payments for		
	(a) exploration & evaluation	(657)	(2,208)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(407)	(1,333)
	(e) administration and corporate costs	(140)	(1,202)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	11
1.5	Interest and other costs of finance paid	-	(3)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	651
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,199)**	**(3,945)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(35)	(35)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	(80)	(1,089)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date $A'000**
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	1	59
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(114)**	**(1,065)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	3,846
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(331)
3.5	Proceeds from borrowings	1,010	1,010
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(18)	(18)
3.8	Dividends paid	-	-
3.9	Other (transfer for June capital raising)	-	-
3.10	**Net cash from / (used in) financing activities**	**992**	**4,507**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	549	731
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,199)	(3,945)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(114)	(1,065)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	992	4,507
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period****	**228**	**228**

** Subsequent to the end of the quarter, the Company completed a share placement to institutional, professional and sophisticated investors raising $3.0 million before costs.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	228	549
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**228**	**549**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	90
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors' fees

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	Nil
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	1,010	1,010
8.2	Credit standby arrangements		
8.3	Other (please specify)		

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	250
9.2	Development	-
9.3	Production	-
9.4	Staff costs	300
9.5	Administration and corporate costs	200
9.6	Other (Other assets)	-
9.7	**Total estimated cash outflows**	**750**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: SIGNATURE ON FILE (Company secretary) Date: 30 April 2019

Print name: Trent Franklin

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.