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31st January 2018

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

ACTIVITIES REPORT FOR THE QUARTER ENDED

31 DECEMBER 2017

Highlights

Development at the Bowdens Silver Project

- **The Bowdens Silver Feasibility Study and Environmental Impact Statement continue to progress rapidly**.

Drilling commences at the Bowdens Deeps IP chargeability anomaly

- **Potentially significant sulphide accumulation at depth beneath the Bowdens Silver resource.**
- **Target area is ~1000 x 250 metres and extends from between 100 metres to 400 metres from surface beneath the existing Bowdens Silver resource.**
- **Massive/semi massive sulphide including gold drill discovery (previously announced) located on the northern edge of the IP anomaly.**
- **First drill results confirm extensive zones of mineralisation.**

  138 metres @ 0.62% zinc, 0.46% lead, 9g/t silver from 276 metres including: 59.65 metres @ 0.75% zinc, 0.58% lead, 9g/t silver from 312.35 metres; and 25.05 metres @ 0.99% zinc, 0.67% lead, 10g/t silver from 377.95 metres.
- **The results demonstrate the existence of a significant base metal system hosted in basement rocks beneath the Bowdens Silver Deposit.**
- **Drilling continues.**

Regional Exploration Update

- **Barabolar Project area located 10 kilometres northwest of Bowdens Silver Deposit demonstrates the considerable mineral potential of the portfolio in the Mudgee District.**
- **Mineralised skarn mapped over 3,500 metres by 800 metres.**
- **Porphyry system type alteration assemblages.**

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- **1.5g/t gold, 2.5% zinc, 0.36% copper, 0.13% molybdenum in rock sampling.**
- **9,000 metre by 2,000 metre corridor of base metal and silver soil anomalies.**

Corporate

- **Completion of placement to sophisticated and institutional investors raising A$4.3 million.**

Bowdens Silver Project

During the quarter, Silver Mines Limited ("Silver Mines" or "the Company") continued drilling activities at its flagship Bowdens Silver Project ("Bowdens Silver") located in central New South Wales. The project is situated approximately 26 kilometres east of Mudgee (Figure 1). The project area comprises 1,654 km^2 (408,000 acres) of titles covering approximately 80 kilometres of strike of the highly prospective Rylstone Volcanics. Multiple target styles and mineral occurrences have potential throughout the district including analogues to Bowdens Silver, silver-lead-zinc epithermal and volcanogenic massive sulphide (VMS) systems and copper-gold targets.

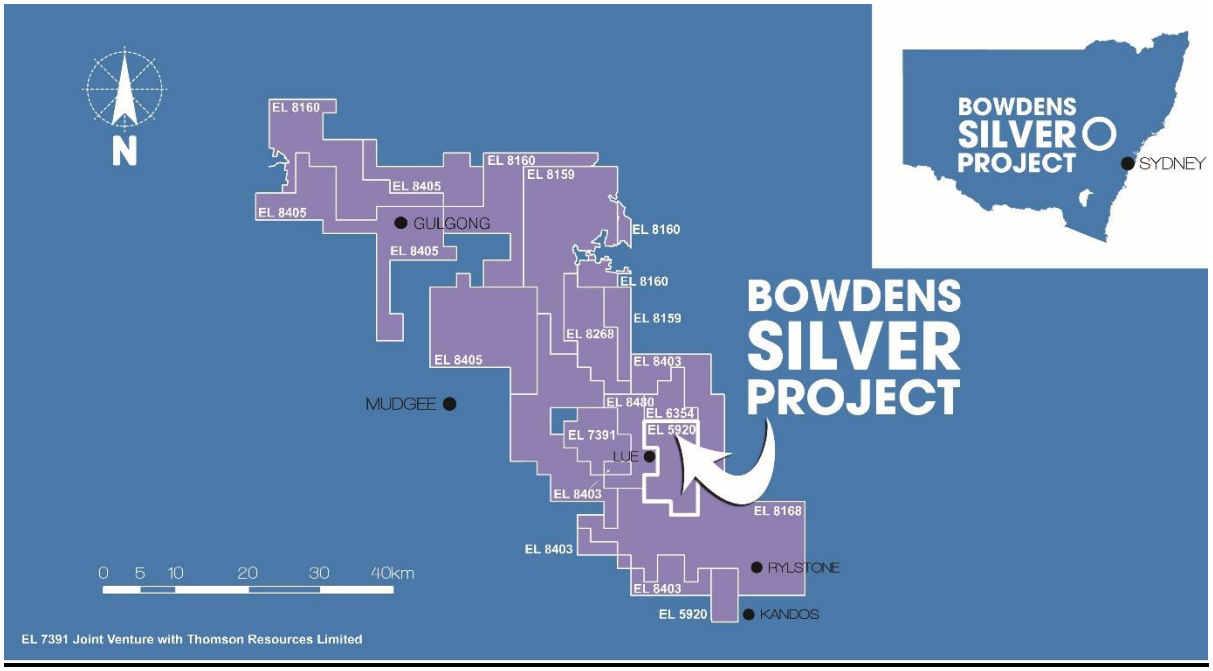

Figure 1. Bowdens Silver tenement holdings in the Mudgee district.

Bowdens Silver Drilling - Chargeability Target

During the previous quarter, the Company advised that it had completed an Induced Polarisation ("IP") geophysical program encompassing the entirety and surrounds of the Bowdens Silver resource area.

The program has an objective of further understanding the recently discovered massive and semi-massive sulphide mineralisation below the north-western section of the Bowdens Silver resource.

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The IP results indicate a large (>1000 metres by 250 metres) anomaly extending between 100 metres and 400 metres depth beneath the surface and beneath the Bowdens Silver resource area. Within this zone are several areas of very high chargeability which may be related to intense sulphide mineralisation. Recent drilling within the northern edge of this area has encountered massive and semi massive sulphide mineralisation (zinc, lead and silver) along with gold mineralisation.

The drill program includes reverse circulation pre-collars to approximately 250 metres followed by diamond drilling to depth. Initially, four high-priority holes were planned with the program to be adjusted as results are returned. As at the date of reporting, three high-priority holes have been completed with the fourth in progress. During the quarter, assays were returned for the first hole, BRD17023.

Drill Hole BRD17023

BRD17023 was the first drill hole completed into the IP chargeability target directly underneath the Bowdens Silver Deposit (See Figure 2) and the deepest undertaken at the project to date. The hole was located approximately 250 metres south along-strike from previous highly encouraging results returned from drilling on the north-western edge of the IP chargeability zone.

The hole recorded a significant interval of base metal mineralisation hosted within a stockwork of quartz-carbonate veins within the basement Coomber Formation. The Eastern Fault is recognised as a significant bounding structure to mineralisation at Bowdens Silver. Several smaller zones of higher zinc and lead were also recorded. The style of base metal mineralisation is broadly consistent with that recorded from deeper drilling completed at Bundarra Deeps, located approximately 250 metres north along-strike and now indicates continuous Bundarra Deeps style mineralisation over a 400 metre strike extent which remains open along strike and down dip. Previous announced drilling results at Bundarra Deeps recorded intercepts including:

- 31.25 metres @ 3.24% zinc, 1.88% lead, 23g/t silver and 0.4g/t gold (218g/t Ag Eq.) from 283.75 metres;
- 18.25 metres @ 4.6% zinc, 3.0% lead, 31g/t silver and 0.52g/t gold (313g/t Ag Eq.) from 283.75 metres; and
- 315.2 metres @ 0.70% zinc, 0.41% lead, 26g/t silver (63g/t Ag Eq.) from 96 metres.

For further information please refer to ASX release of 15th March 2017, 12th May 2017, and 7th June 2017.

The Bundarra Deeps mineralisation occurs as an extensive, stockwork vein hosted, moderately west dipping body above the Eastern Fault which encompasses smaller, tabular, gently west dipping zones of semi-to massive base metal mineralised horizons.

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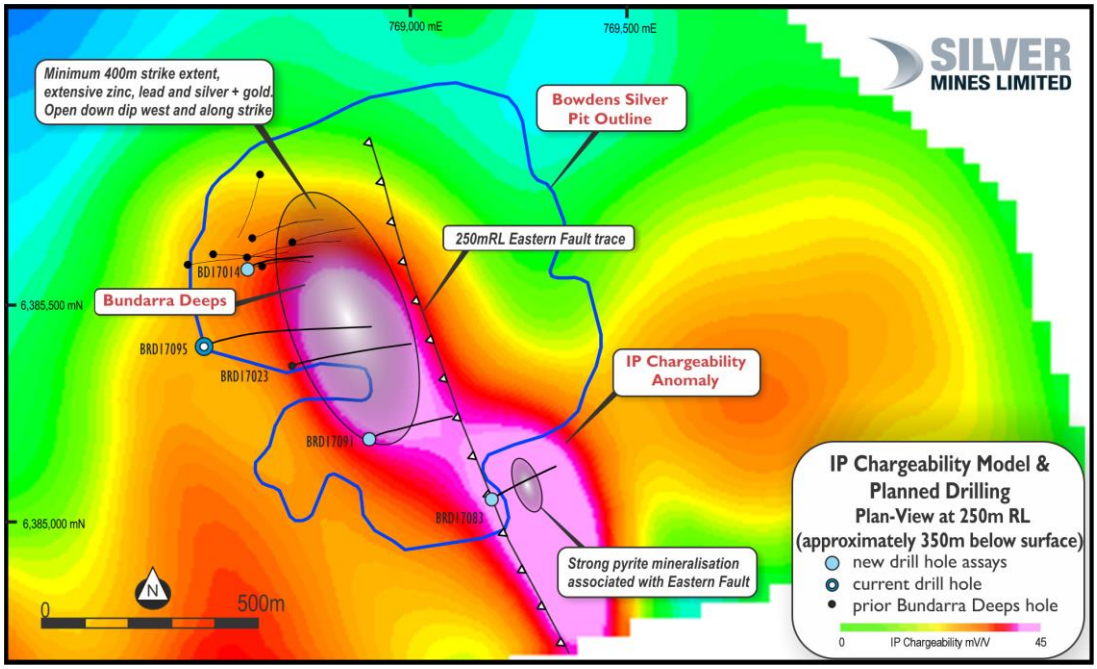

Figure 2. Plan view slice of IP chargeability anomaly at 250mRL (approximately 350 metres below surface) and the planned drilling program.

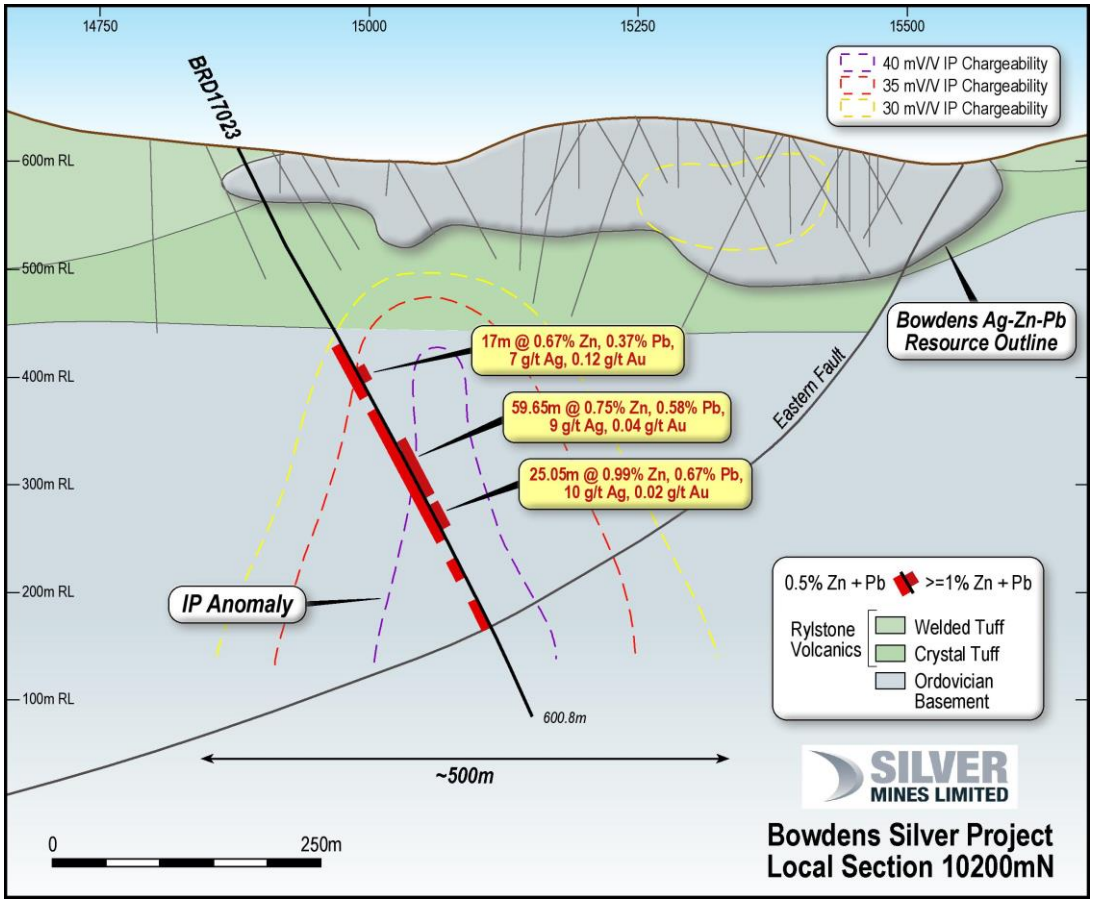

Figure 3. Cross Section of BRD17023.

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Table 1: Drill hole intersections for BRD17023 using 1. A minimum 0.5% zinc + lead cut-off over 10 metre interval and up to 10 metre internal continuous dilution, 2. A minimum 1% zinc + lead cut-off over 10 metre interval and up to 5 metre internal continuous dilution or 3. A minimum 2% zinc + lead cut-off over 4 metre interval and up to 1 metre internal dilution.

Cut off	From (metres)	To (metres)	Interval (metres)	Zinc (%)	Lead (%)	Silver (g/t)	Gold (g/t)
1	206.2	263	56.8	0.38	0.25	7	0.11
2	233	250	17	0.67	0.37	7	0.12
1	**276**	**414**	**138**	**0.62**	**0.46**	**9**	**0.03**
2	**312.35**	**372**	**59.65**	**0.75**	**0.58**	**9**	**0.04**
3	**323**	**327**	**4**	**1.69**	**1.95**	**27**	**0.10**
2	**377.95**	**403**	**25.05**	**0.99**	**0.67**	**10**	**0.02**
3	**398**	**402**	**4**	**2.40**	**1.67**	**21**	**0.02**
1	433	456	23	0.48	0.33	7	0.02
1	479	503.7	24.7	0.39	0.27	5	0.03

For further information refer to ASX release dated 6th December, 2017.

Other Drilling

BRD17083 was completed to 459 metres to test the southern extent of the IP chargeability target, located approximately 400 metres along-strike south of BRD17023. The hole intersected intervals of quartz-carbonate vein hosted base metal mineralisation within the basement Coomber Formation. The IP anomaly was, in part, explained by strong pyrite mineralisation associated with the Eastern Fault.

BRD17091 was completed to 501 metres to test the central portion of the IP chargeability target on local northing 10000mN, between holes BRD17023 and BRD17083. The hole intersected zones of Bundarra Deeps style mineralisation within Ordovician basement Coomber Formation and the Eastern Fault.

The fourth hole, BRD17095, is currently in progress. The hole was planned to test the down dip position of the Bundarra Deeps mineralisation along section 10300mN.

Additionally, with the realisation that Bundarra Deeps mineralisation is essentially bound by the Eastern Fault, previous hole, BD17014, on section 10450mN, which ended in Bundarra Deeps style mineralisation, was extended to ensure it passed through the Eastern Fault. Previous results for BD17014 were reported to the ASX on the 7th June 2017. The hole was extended by approximately 100 metres from 520 to 601 metres depth. The Eastern Fault, with associated base metal mineralisation, was intersected from 546 to 550 metres depth.

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Discussion

Silver Mines considers that the Bundarra Deeps mineralisation, including the recent results from BRD17023, represents a substantial hydrothermal base metal system capable of hosting accumulations of massive sulphide horizons. The Company also considers that the source to both the Bundarra Deeps and Bowdens Silver mineralised systems remains to be discovered at depth further west.

The Company is currently assessing to undertake additional geochemical and geophysical studies to assist in the understanding and continued exploration across the Bowdens Silver/Bundarra Deeps target areas.

Bowdens Silver Exploration

Barabolar Project Area

During the quarter the Company announced the results of recent detailed soil sampling, rock sampling, and mapping northwest of the Bowdens Silver Deposit. Initial targeting in this area was due to the interpretation of a structural corridor identified in the 2016 detailed aeromagnetic survey that extends from the historic Bara Silver Mine in the south to north of the historic Botobolar Molybdenum Mine. The Company has named this area the Barabolar Project and it incorporates several prospects and mineral occurrences including the Bara, Botobolar, Kia Ora, and Stony's areas.

Geochemistry and Mapping

The Company completed a first pass rock-chip and soil sampling survey (Figure 4). The rock-chip sampling is taken from areas of outcrop and includes samples up to 1.5g/t gold, 0.36% copper, 2.5% zinc and 0.13% molybdenum. As well as anomalous samples in base metals, the rock chips also included elevated manganese up to 1.46% and barium up 0.28% indicative of an intrusion related epithermal mineralised system. Refer to Appendix 1 for details.

The soil sampling program consisted of sampling lines 160 metres apart with samples collected every 160 metres along the lines. Soil sampling has shown extensive and zoned anomalies defining a corridor of mineralisation 9,000 metres long by 2,000 metres wide. The zoning shows molybdenum, copper, lead, zinc to silver zones which is a pattern consistent with an intrusive related mineral system such as a porphyry system.

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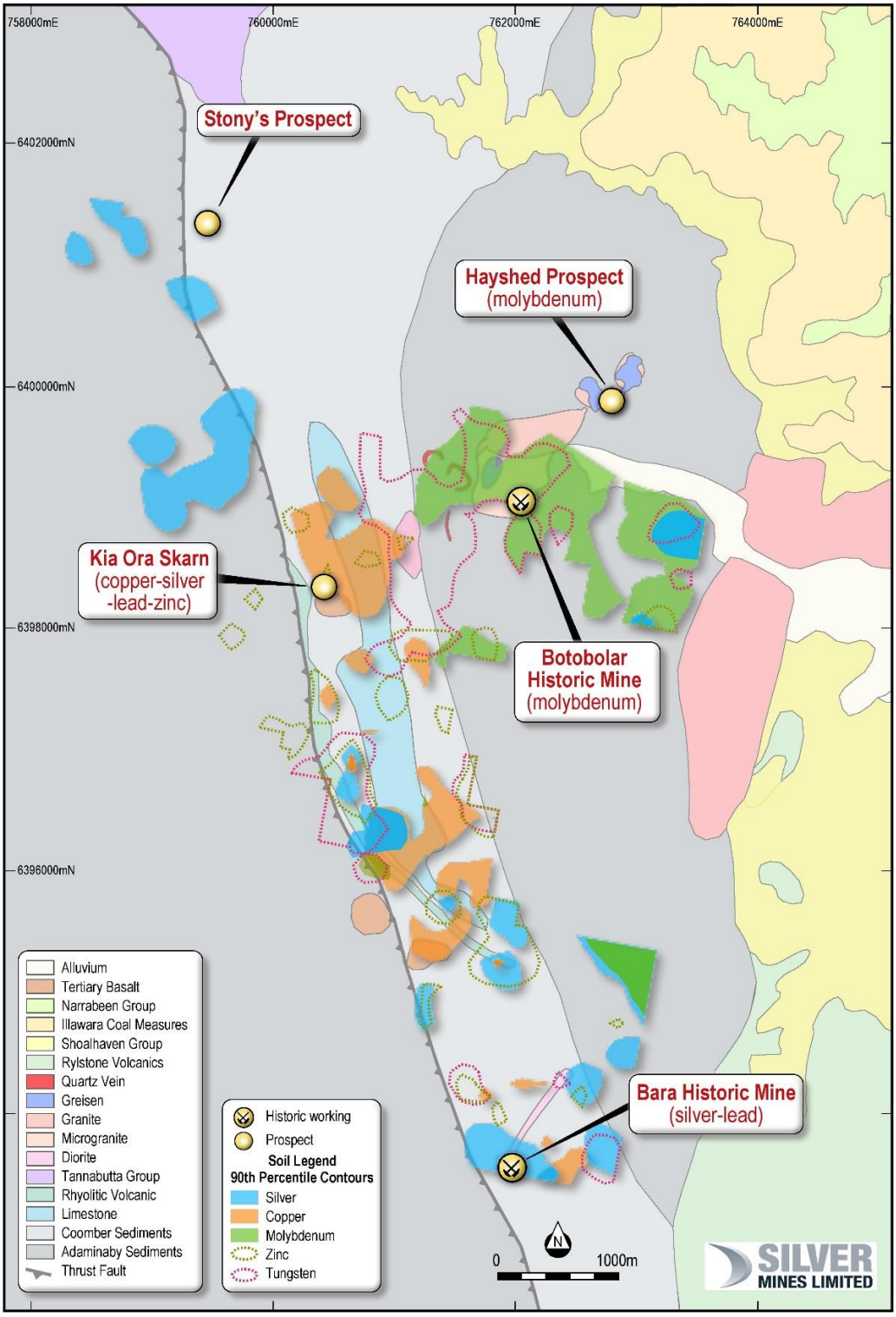

Figure 4. Soil anomalies in the Barabolar Project Area

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Geologically the area is dominated by Ordovician rocks with Coomber Formation sediments flanked with Adaminaby Formation sediments. A number of intrusions have been mapped in the area including the Botobolar granite which includes quartzolite (quartz dominated coarse grained rock) with greisen style alteration and coarse molybdenum sulphides and wolframite (tungsten oxide). Other intrusions include a diorite porphyry dyke in the south of the project area with fine disseminated chalcopyrite.

Figure 5. Molybdenite (molybdenum sulphide) within quartzolite from the Botobolar Prospect Area

In the central corridor, a skarn (the Kia Ora Skarn) is developed within a limestone unit of the Coomber Formation and has been mapped over an area of 3,500 metres by 800 metres. The skarn has entirely replaced the limestone and is dominated by garnet and pyroxene alteration minerals with retrograde alteration assemblages including actinolite and epidote (Figures 6 & 7). The skarn is highly anomalous in copper and other base metals with chalcopyrite (copper-iron sulphide); galena (lead sulphide) and sphalerite (zinc sulphide) observed.

With extensive zoned soil anomalies, mapped complex intrusions, containing molybdenum and tungsten at their core, and a large skarn system demonstrating association with mineralised intrusives, the Company firmly believes that the Barabolar Project has strong potential for large scale intrusive related mineral systems including porphyry related base and precious metal systems.

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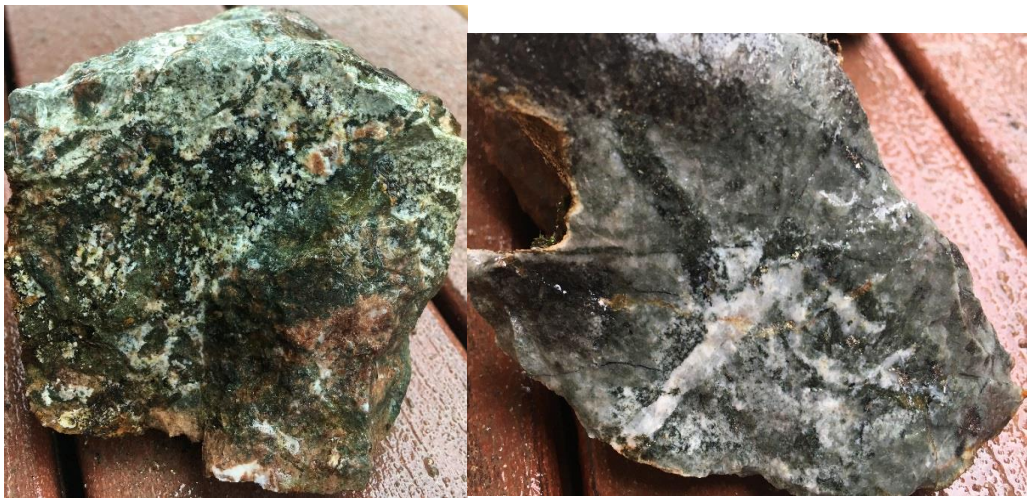

Figure 6. Images showing retrograde assemblages of actinolite + epidote + carbonate overprinting garnet + pyroxene skarn (left) and depositing disseminated chalcopyrite (right).

Figure 7. Fresh outcrop of extensive skarn alteration of Ordovician limestone unit

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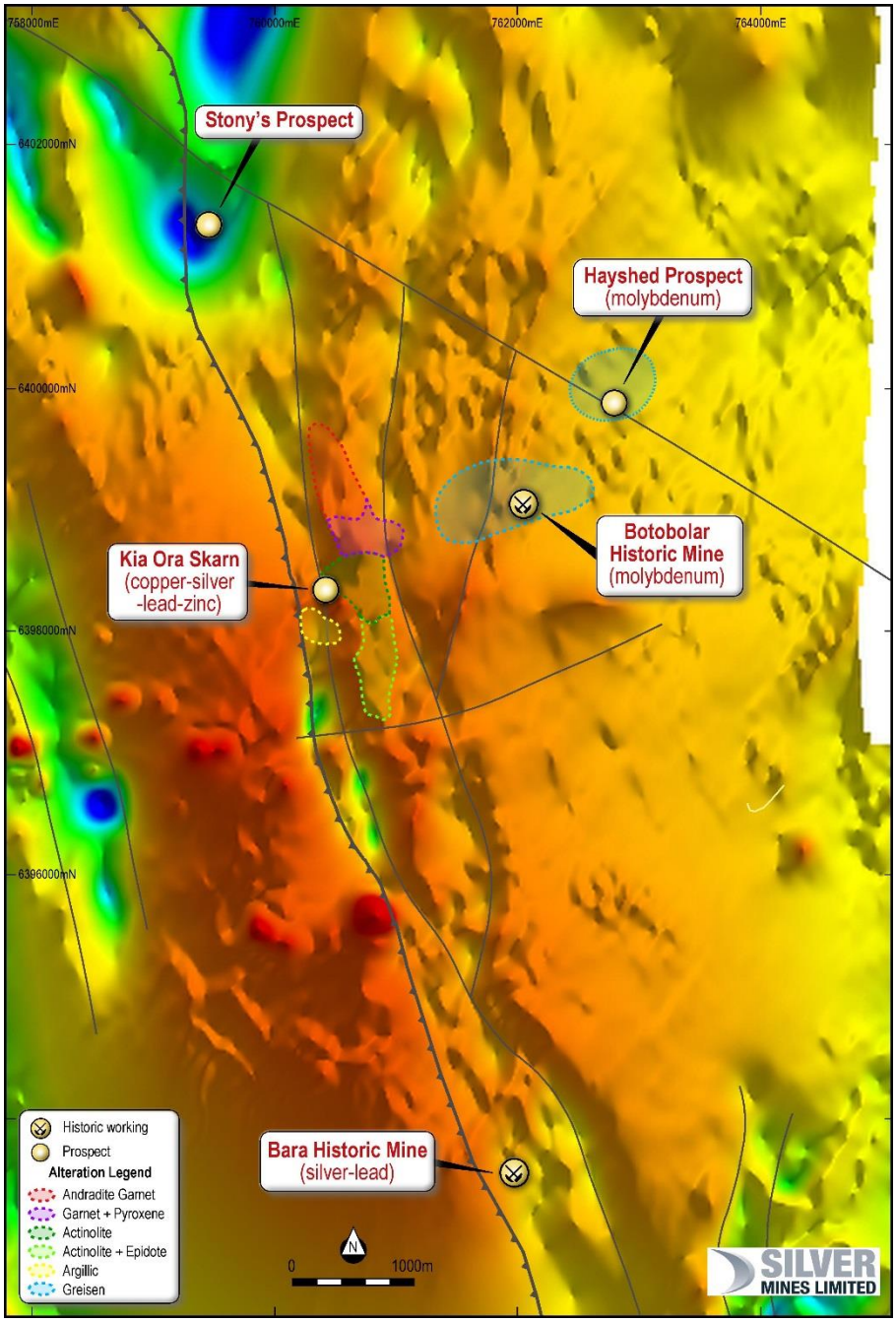

Figure 8. Magnetics image (RTP) showing the structural interpretation and overlain with the alteration mapping.

Previous Work

Historic drilling by Anglo American during the 1980's consisted of 144 shallow Rotary Air Blast (RAB) holes along the edges of the southern extent of the skarn where anomalous lead, zinc and copper was encountered (Figure 8). Results for this drilling returned assays up to **0.2% Cu**, **0.58% Zn**, **0.9% Pb** and **28g/t Ag**. These holes were generally around 20-30 metres depth and no more than 42 metres, but importantly, were all outside of the main copper anomaly and strongest alteration (Figure 9 and Appendix 2).

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Furthermore, drilling at the Hayshed Prospect by Anglo American show disseminated molybdenum mineralisation in intrusive rock.

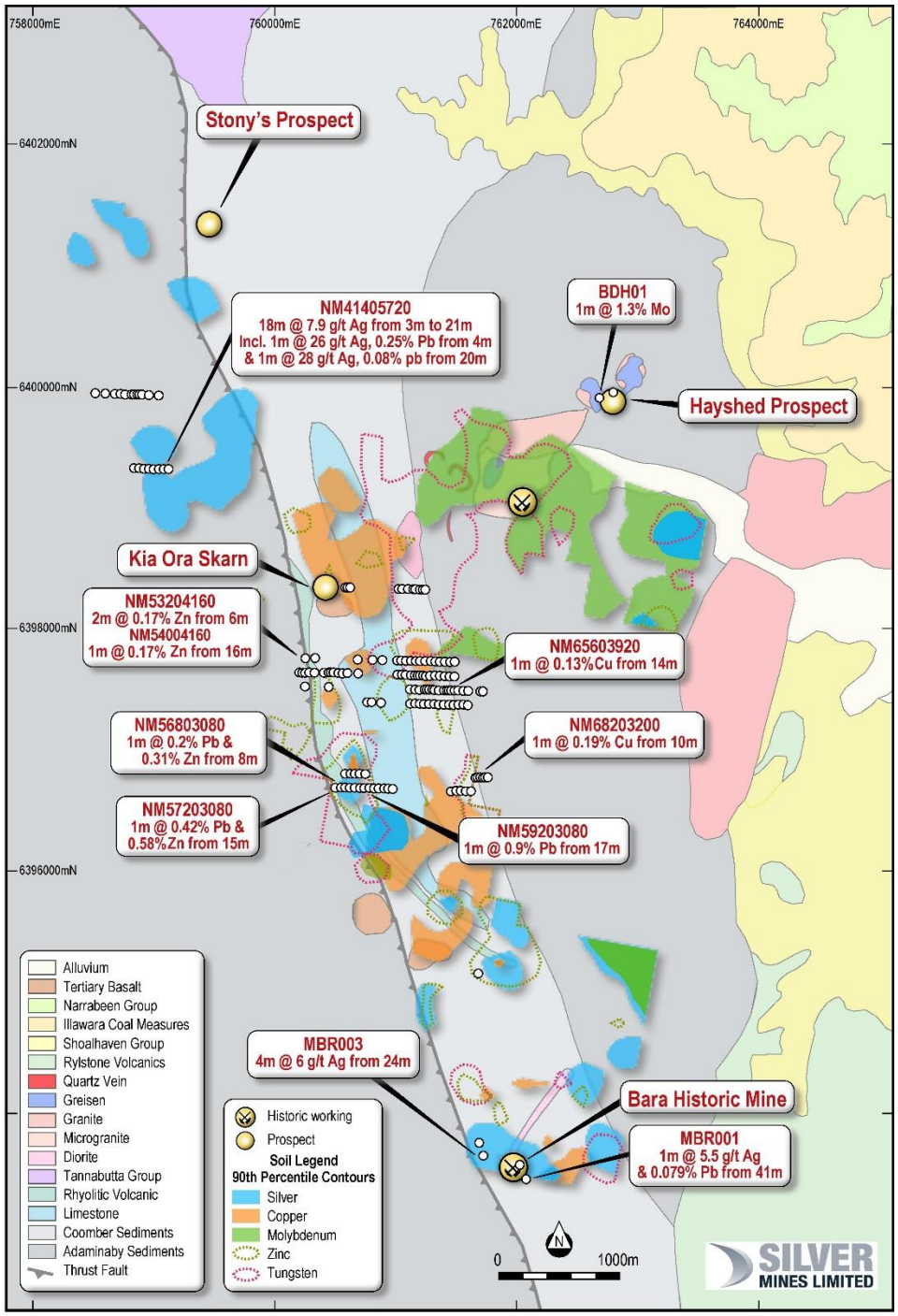

Figure 9. Historic drilling in the Barabolar Project Area. Drill results were compiled from open-file reports filed by previous explorers with the NSW Department of Resources and Energy and as a result, historic results cannot be necessarily verified and are used for exploration targeting purposes only.

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Next Steps

The Company is continuing with a two-phase exploration strategy. In addition to the current drilling underway on the deep targets beneath Bowdens Silver, the Company is continuing to prioritise regional targets. At Barabolar, the current exploration strategy is to identify drill-ready targets within the system by undertaking detailed Induced Polarisation geophysical surveys which will encompass the broad skarn alteration as well as the core molybdenum/ tungsten soil anomaly and associated phyllic alteration. This will provide drill ready targets to follow up as soon as possible within the 2018 calendar year.

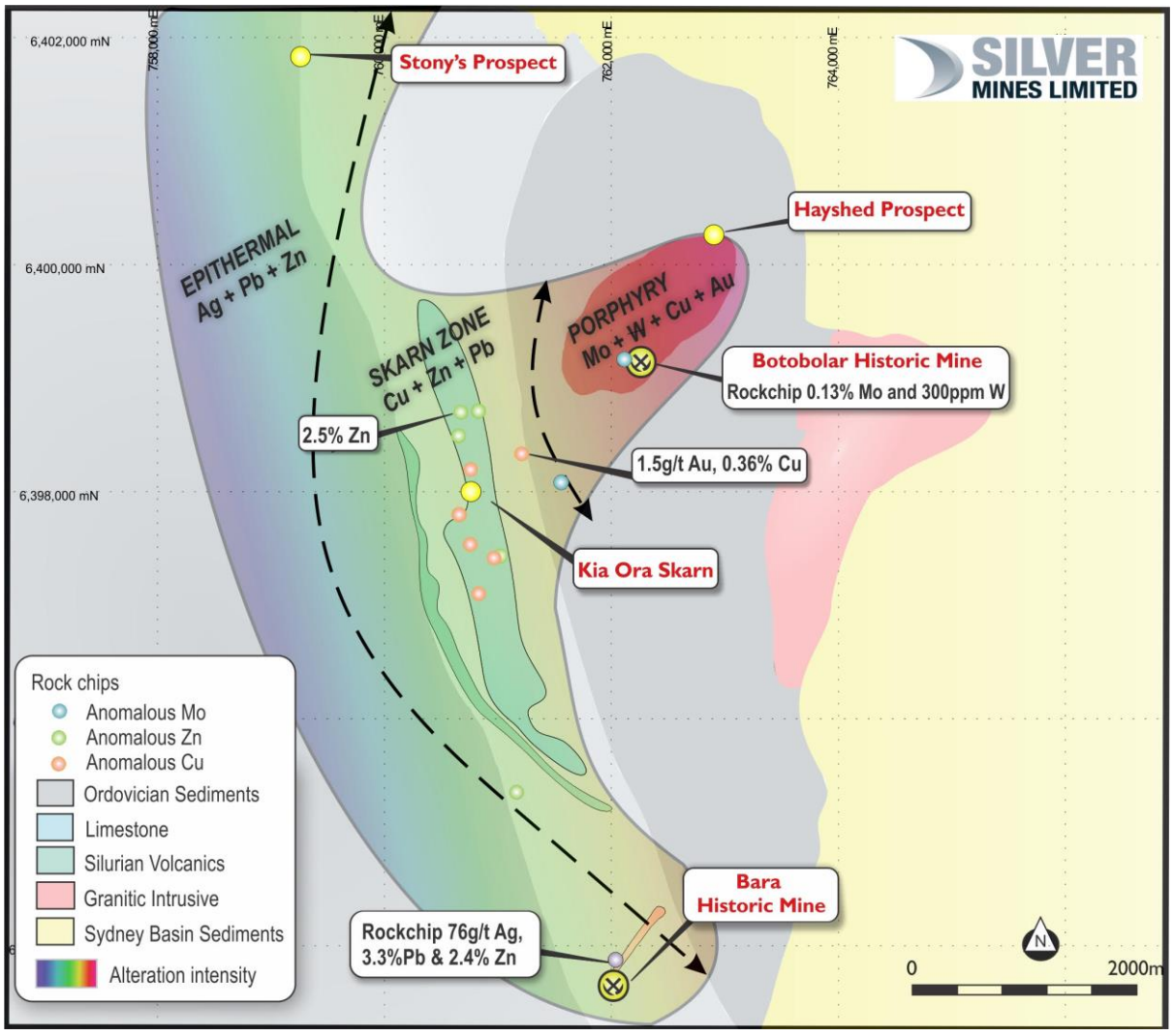

Figure 10. Exploration model / zoning on the Barabolar.

For further information on the Barabolar Project Area, refer to ASX release dated 14th December, 2017.

Feasibility Study and Environmental Impact Study

During the quarter, the Company, in conjunction with its primary consultants including GR Engineering, AMC Consultants, ATC Williams and other specialist consultants continued to advance the Bowdens Silver Feasibility Study with the priority to fast-track the project to mine development.

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After resource estimation work being completed in the previous quarter, works advanced during the current quarter included mine planning and scheduling. Flowsheet development and process and plant design aspects of the Feasibility Study also continued to be advanced.

Environmental Impact Statement work to date by RW Corkery & Co has been comprehensive and is well advanced. As part of the Environmental Impact Statement, Silver Mines and its primary consultants will continue and expand upon all considerations with State and Local Government along with all stakeholders and community and interest groups.

The Environmental Impact Statement is expected to be completed in early 2018.

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 also the wider area where the Company is commencing exploration programs.

With the impending completion of the Environmental Impact Statement for Bowdens Silver, during the quarter a new Community Consultative Committee was commissioned as part of Department of Planning and Environment requirements.

Other Projects

During the previous quarter, reconnaissance geological and geochemical work was completed at the Webbs and Conrads Projects in northern New South Wales. The program's aim was to identify potential extensions to known mineralisation alongside landholder discussions at both project areas. The Company continues to assess exploration options and other options for these prospective projects.

Placement

On 5th October 2017, the Company announced the completion of a share placement to sophisticated and institutional investors. This resulted in the issue of 53,750,000 shares raising $4.3 million allocated towards further exploration and progression of the Definitive Feasibility Study and Environmental Impact Statement.

About the Bowdens Silver Project

The Bowdens Silver Project is located in central New South Wales, approximately 26 kilometres east of Mudgee. The recently consolidated project area comprises 1,654 km^2 (408,000 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.

Yours faithfully
Silver Mines Limited

Trent Franklin
Company Secretary

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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 results within the Bowdens Silver Project area is based on information compiled or reviewed by Mr Scott Munro who is a full-time employee of the company. Mr Munro is a member of the Australian Institute of Geoscientists (AIG) 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 Munro consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to mineral exploration results outside of the Bowdens Silver Project area 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.

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Appendix 1 Drill Hole Details

Hole ID	GDA94 East	GDA94 North	RL	Dip	Azimuth (mag)	EOH (m)	Comment
BRD17023	768708	6385345	614	-65	62	600	assays received
BRD17083	769161	6385037	628	-77	45.5	460	assays pending
BRD17091	768895	6385182	599	-71	52.5	501	assays pending
BRD17095	768515	6385393	663	-65	55		In progress

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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***	• **Sampling taken from NQ diamond core and from reverse circulation (RC) drill chips.** • **NQ size core - all samples taken as nominal 1 metre intervals from half-cut core and from the same side of the core.** • **RC samples collected on a 1m interval from a cone splitter.** • **Each sample represents approximately 2 kilograms of material** • **Each sample was sent for multi-element assay using ICP techniques with the entire sample pulverized and homogenized with a 50g extract taken for assay.** • **Assays are considered representative of the sample collected.**

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Criteria	JORC Code explanation	Commentary
	commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	
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).***	• **Diamond drilling undertaken using HQ & NQ diamond core rig with standard tube.** • **All core, where unbroken ground allows, is oriented by drilling team and an orientation line along the base of the hole.** • **RC drilling using a 139mm hammer.**
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 weighed for each metre and assessed for recovery, contamination and effect of water if present.** • **No significant relationship between sample recovery and grade exists.**
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***	• **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.**

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Criteria	JORC Code explanation	Commentary
	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.***	• **Minor selective sub-sampling based on geology to a maximum size of 1.3m and a minimum of 0.3m.** • **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 (NQ) of the core without the orientation line is 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.** • **RC samples are collected from a cone splitter at a 6% split. The cyclone/splitter system is checked periodically throughout each hole and cleaned when necessary. To assess the representation of material sampled a duplicate 6% split sample is collected from a secondary sample chute on the opposite side of the cone splitter at the rate of 1/20.**
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,***	• **Samples dispatched to ALS Global laboratories in Orange NSW for sample preparation and gold analysis Au-AA25. 33 multi-element analysis completed at ALS Brisbane using method ME-ICP61.** • **Site Standards are inserted every 20 samples to check quality control and laboratory standards and blanks every 25 samples to**

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Criteria	JORC Code explanation	Commentary
	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.***	**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.***	• **Significant intersections calculated by site-geologists.** • **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 SVL 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 +- 5 metres. Periodically, Real Time Kinetic by VRS Now surveys are conducted with accuracy of +-1cm.** • **Down hole surveys collected every 30 metres using an electronic downhole reflex survey camera.** • **The terrain includes steep hills and ridges and with a topographical model of 0.034 metre accuracy.**

Criteria	JORC Code explanation	Commentary
		• **All collars recorded in MGA94 zone 55 and also re-projected to a locally defined mine-grid system.**
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.***	• **This drilling is designed as preliminary exploration targeting a geophysically derived induced polarization chargeability model on approximate 200m spaced sections.**
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 breccia zones and zones of veins within an overall mineralized envelope.** • **An interpretation of the mineralization has indicated that no sampling bias has been introduced.**
Sample security	• ***The measures taken to ensure sample security.***	• **All samples bagged on site under the supervision of two senior geologists with sample bags tied with cable ties before being driven by site personnel to the 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.**

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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 Bowdens Resource is located wholly within Exploration Licence No EL5920, 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 2.0% Net Smelter Royalty which reduces to 1.0% after the payment of US$5 million over 100% of the EL5920.** • **The project has a 1.85% Gross Royalty over 100% of EL5920.**
Exploration done by other parties	• ***Acknowledgment and appraisal of exploration by other parties.***	• **The Bowdens project was previously managed by Kingsgate Consolidated and Silver Standard Ltd, however the 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 Bowdens Deposit is a low sulphidation epithermal base metal and silver system hosted in Permian Volcanic rocks.** • **Mineralisation includes veins, shear veins and breccia zones within tuff and ignimbrite rocks.** • **Mineralisation is overall shallowly dipping (~15 degrees to the north) with high-grade zones preferentially following a volcanic dome. There are several vein orientations within the broader mineralized zones including some areas of stock-work veins.**

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Criteria	JORC Code explanation	Commentary

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.***	• **Intersection calculations based weighted averages on; 0.5% combined lead + zinc cut-off for low grade results, 1% combined lead + zinc cut-off for higher-grade results or a 2% combined lead + zinc cut-off for high-grade results.**

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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').***	• **Mineralisation is both stratabound and vein hosted. The stratigraphy dips moderately to the north while the majority of mineralised veins dip west. Some individual veins intersected were sub-parallel (~10 degrees to core axes). The drilling width is estimated to be 120% of true-width for stratabound mineralisation.**
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 and cross-sections 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.***	• **All results received and compiled to date are reported in this release. Drilling is ongoing with further results expected to provide a more detailed assessment of the mineralised zones.**
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***	• **This report relates to a drill program that is designed to test a**

Criteria	JORC Code explanation	Commentary
	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.*	**geophysical induced polarization chargeability target. Drilling is ongoing with further results pending.**

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Appendix 2 Rock Chip Sample Details.

BOHM = Botobolar Historic Mine, BAHM = Bara Historic Mine, KOS = Kia Ora Skarn. A less than symbol ("<") indicates below detection limit, e.g. <0.5 is a below a 0.5g/t detection limit. Note 10,000ppm = 1%;

Sample ID	Sample Type	Prospect	Silver (g/t)	Gold (g/t)	Copper (ppm)	Lead (ppm)	Zinc (ppm)	Molybdenum (ppm)	Tungsten (ppm)
79019	Mine Spoil	BAHM	57	<1	833	13450	3000	2.11	0.24
79020	Mine Spoil	BAHM	75.6	<1	1050	32700	23800	4.1	0.23
79021	Mine Spoil	BAHM	0.61	<1	34.7	79.8	1030	2.39	0.26
79022	Mine Spoil	BAHM	31.3	<1	727	10800	8500	18.5	0.27
79023	Mine Spoil	BAHM	28	<1	334	8400	6660	2.26	0.11
79024	Mine Spoil	BAHM	28	<1	1040	5140	4260	8	0.13
79025	Mine Spoil	BAHM	44.5	<1	557	10050	6580	7.47	0.2
63106	Rock Chip	BOHM	0.09	<0.02	5.9	3.8	7	1345	300
63107	Rock Chip	BOHM	0.12	<0.02	2.9	2.8	3	982	290
63108	Rock Chip	KOS	2.43	0.05	129	83.8	25300	7.48	209
63109	Rock Chip	KOS	0.28	<0.02	9.3	10.3	1410	16.15	57.1
63110	Rock Chip	KOS	2.95	1.5	3620	6.9	15	8.13	5.95
63111	Rock Chip	KOS	<0.5	0	101	16	127	<1	<10
63112	Rock Chip	KOS	0.8	0.02	304	29	693	<1	<10
63113	Rock Chip	KOS	<0.5	0.02	70	5	42	<1	<10
63114	Rock Chip	KOS	1.1	0.02	796	18	119	<1	<10
63115	Rock Chip	KOS	<0.5	0.02	134	11	59	1	<10
63116	Rock Chip	KOS	1.3	0.03	311	150	159	<1	<10
63117	Rock Chip	KOS	0.6	0.02	188	11	97	2	<10
63118	Rock Chip	KOS	0.7	0.02	125	18	165	1	<10
63119	Rock Chip	KOS	0.5	0.02	286	10	67	<1	<10
63120	Rock Chip	KOS	0.5	0.03	189	15	3170	<1	<10
63121	Rock Chip	KOS	1.1	0.02	394	35	110	<1	<10
63122	Rock Chip	KOS	<0.5	0.03	241	15	78	<1	<10
63123	Rock Chip	KOS	0.7	0.02	327	22	294	<1	<10
63124	Rock Chip	KOS	<0.5	0.03	216	13	253	<1	<10
63125	Rock Chip	KOS	<0.5	0.02	4	3	66	<1	<10
63126	Rock Chip	KOS	1.5	0.01	902	17	247	<1	<10
63127	Rock Chip	KOS	1.4	<0.01	17	224	295	1	<10
63128	Rock Chip	KOS	0.8	<0.01	356	20	113	<1	<10
63129	Rock Chip	KOS	1	<0.01	496	32	126	1	<10
63130	Rock Chip	KOS	1.6	<0.01	490	57	288	1	<10

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63131	Rock Chip	KOS	0.6	<0.01	253	23	340	2	<10
63132	Rock Chip	KOS	0.7	<0.01	300	17	79	<1	10
63133	Rock Chip	KOS	0.5	<0.01	131	36	142	<1	<10
63134	Rock Chip	KOS	0.7	<0.01	375	16	60	<1	<10
63135	Rock Chip	KOS	<0.5	<0.01	34	13	140	<1	10
63136	Rock Chip	KOS	0.7	<0.01	10	369	191	<1	10
63137	Rock Chip	KOS	0.5	<0.01	157	49	181	1	<10
63138	Rock Chip	KOS	<0.5	<0.01	197	43	144	1	<10
63139	Rock Chip	KOS	0.5	<0.01	255	20	91	<1	<10
63140	Rock Chip	KOS	<0.5	<0.01	7	17	45	<1	<10
63141	Rock Chip	KOS	0.7	0.01	420	26	159	<1	<10
63142	Rock Chip	KOS	<0.5	<0.01	186	19	167	1	<10
63143	Rock Chip	KOS	<0.5	<0.01	94	18	73	1	10
63144	Rock Chip	KOS	<0.5	<0.01	174	13	94	<1	<10
63145	Rock Chip	KOS	<0.5	<0.01	131	12	70	<1	<10
63146	Rock Chip	KOS	<0.5	<0.01	27	30	424	<1	10
63147	Rock Chip	KOS	0.5	<0.01	192	22	123	1	<10

Appendix 2 Historic Drill Hole Significant Intercepts

Drill results were compiled from open-file reports filed by previous explorers with the NSW Department of Resources and Energy and as a result, historic results cannot necessarily be verified and are used for exploration targeting purposes only.

Hole ID	From (Metres)	To (Metres)	Interval (m)	Mo (ppm)	Ag (ppm)	Pb (ppm)	Zn (ppm)	Cu (ppm)
BDH1	77.4	77.5	**0.1**	**3080**		25	20	4
BDH1	80.13	82.13	**2**	**8250**		80	45	22.5
Including			**1**	**12900**		30	45	10
BDH2	103.65	104	**0.35**	**1140**		25	25	5
NM41405720	3	21	**18**		**7.9**	380	137	317
Including	4	5	**1**		**26**	**2500**	390	850
and	20	21	**1**		**28**	800	55	55
NM53204160	6	8	**2**			27.5	**1675**	132
NM56803080	8	9	**1**		5	**2000**	**3100**	190
NM57203080	15	16	**1**		6	**4200**	**5800**	215
NM59203080	17	18	**1**		10	**9000**	160	180
NM54004160	16	17	**1**			25	**1700**	355
NM68203200	10	11	**1**			25	270	**1900**
NM65603920	15	16	**1**			25	30	**1250**
MBR001	41	42	**1**		**5.5**	790	582	152
MBR003	24	28	**4**		**6**	237	122	94

Appendix 3 Historic Drill Hole Collars

** AAAP = Australian Anglo-American Prospecting*

Hole ID	Hole Type	East (GDA94)	North (GDA94)	RL	Dip	Azimuth Mag	EOH (m)	Company	Drilled
BDH1	DD	762650	6399900		-60	80	121	AAAP	1982
BDH2	DD	762770	6399950		-60	260	117.7	AAAP	1982
MBR001	RC	761987	6393570	658	-90	0	92	Silver Standard Australia	2004
MBR002	RC	761659	6393756	695	-65	58	60	Silver Standard Australia	2004
MBR003	RC	761693	6393648	697	-60	77	60	Silver Standard Australia	2004
MBR004	RC	762040	6393451	670	-70	58	68	Silver Standard Australia	2004
NM35206320	RAB	758488	6399948	587	-90	0	10	AAAP	1975
NM36006320	RAB	758570	6399945	597	-90	0	11	AAAP	1975
NM36806320	RAB	758651	6399942	598	-90	0	13	AAAP	1975
NM37206320	RAB	758691	6399941	593	-90	0	18	AAAP	1975
NM37606320	RAB	758730	6399939	589	-90	0	11	AAAP	1975
NM38206320	RAB	758790	6399937	582	-90	0	38	AAAP	1975
NM38406320	RAB	758810	6399937	582	-90	0	40	AAAP	1975
NM38605720	RAB	758810	6399330	612	-90	0	30	AAAP	1975
NM38606320	RAB	758831	6399936	581	-90	0	42	AAAP	1975
NM38806320	RAB	758850	6399935	581	-90	0	38	AAAP	1975
NM39005720	RAB	758850	6399328	608	-90	0	30	AAAP	1975
NM39006320	RAB	758870	6399935	581	-90	0	41	AAAP	1975
NM39405720	RAB	758889	6399327	607	-90	0	30	AAAP	1975
NM39606320	RAB	758932	6399933	581	-90	0	13	AAAP	1975
NM39805720	RAB	758929	6399326	603	-90	0	31	AAAP	1975
NM40205720	RAB	758969	6399325	604	-90	0	30	AAAP	1975
NM40406320	RAB	759013	6399931	580	-90	0	11	AAAP	1975
NM40605720	RAB	759011	6399323	605	-90	0	30	AAAP	1975
NM41005720	RAB	759053	6399322	612	-90	0	30	AAAP	1975
NM41405720	RAB	759091	6399321	615	-90	0	40	AAAP	1975
NM52804040	RAB	760177	6397644	658	-90	0	15	AAAP	1975
NM53004040	RAB	760197	6397643	658	-90	0	15	AAAP	1975
NM53203920	RAB	760214	6397527	672	-90	0	30	AAAP	1975
NM53204040	RAB	760216	6397643	660	-90	0	15	AAAP	1975
NM53204160	RAB	760220	6397763	651	-90	0	20	AAAP	1975
NM53604040	RAB	760257	6397642	666	-90	0	15	AAAP	1975
NM54004040	RAB	760296	6397642	664	-90	0	15	AAAP	1975
NM54004160	RAB	760300	6397760	650	-90	0	20	AAAP	1975
NM54804040	RAB	760376	6397640	667	-90	0	13	AAAP	1975
NM55203920	RAB	760413	6397522	675	-90	0	30	AAAP	1975
NM55204040	RAB	760414	6397639	669	-90	0	30	AAAP	1975
NM55404040	RAB	760434	6397638	668	-90	0	30	AAAP	1975

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NM55604040	RAB	760453	6397637	666	-90	0	30	AAAP	1975
NM56003080	RAB	760472	6396691	674	-90	0	20	AAAP	1975
NM56004040	RAB	760494	6397636	665	-90	0	15	AAAP	1975
NM56403080	RAB	760513	6396690	669	-90	0	20	AAAP	1975
NM56404040	RAB	760534	6397636	662	-90	0	15	AAAP	1975
NM56404760	RAB	760552	6398343	666	-90	0	30	AAAP	1975
NM56604760	RAB	760572	6398343	666	-90	0	30	AAAP	1975
NM56803080	RAB	760552	6396690	666	-90	0	20	AAAP	1975
NM56803200	RAB	760552	6396808	670	-90	0	20	AAAP	1975
NM56804040	RAB	760574	6397635	662	-90	0	15	AAAP	1975
NM56804760	RAB	760592	6398342	662	-90	0	30	AAAP	1975
NM57203080	RAB	760592	6396688	670	-90	0	20	AAAP	1975
NM57203200	RAB	760594	6396807	677	-90	0	20	AAAP	1975
NM57603080	RAB	760633	6396688	680	-90	0	20	AAAP	1975
NM57603200	RAB	760632	6396806	686	-90	0	20	AAAP	1975
NM57604040	RAB	760656	6397633	672	-90	0	15	AAAP	1975
NM57604160	RAB	760657	6397749	666	-90	0	20	AAAP	1975
NM58003080	RAB	760671	6396686	681	-90	0	20	AAAP	1975
NM58003200	RAB	760672	6396805	689	-90	0	20	AAAP	1975
NM58403080	RAB	760711	6396684	684	-90	0	20	AAAP	1975
NM58403200	RAB	760715	6396804	691	-90	0	20	AAAP	1975
NM58403800	RAB	760725	6397395	671	-90	0	16	AAAP	1975
NM58803080	RAB	760752	6396684	684	-90	0	20	AAAP	1975
NM58803800	RAB	760768	6397394	674	-90	0	15	AAAP	1975
NM58804160	RAB	760778	6397747	671	-90	0	20	AAAP	1975
NM59203080	RAB	760790	6396684	684	-90	0	20	AAAP	1975
NM59603080	RAB	760829	6396681	686	-90	0	20	AAAP	1975
NM59603800	RAB	760846	6397390	678	-90	0	15	AAAP	1975
NM59604160	RAB	760857	6397744	674	-90	0	20	AAAP	1975
NM60003080	RAB	760870	6396681	688	-90	0	20	AAAP	1975
NM60403080	RAB	760911	6396679	691	-90	0	20	AAAP	1975
NM60803080	RAB	760950	6396679	694	-90	0	20	AAAP	1975
NM60804040	RAB	760972	6397624	689	-90	0	15	AAAP	1975
NM60804160	RAB	760975	6397741	685	-90	0	15	AAAP	1975
NM60804760	RAB	760990	6398330	660	-90	0	30	AAAP	1975
NM61204040	RAB	761012	6397623	692	-90	0	15	AAAP	1975
NM61204160	RAB	761015	6397739	690	-90	0	15	AAAP	1975
NM61204760	RAB	761031	6398330	657	-90	0	30	AAAP	1975
NM61604040	RAB	761053	6397622	696	-90	0	15	AAAP	1975
NM61604160	RAB	761054	6397737	696	-90	0	15	AAAP	1975
NM61604760	RAB	761072	6398329	653	-90	0	30	AAAP	1975
NM62003800	RAB	761087	6397384	692	-90	0	15	AAAP	1975
NM62003920	RAB	761090	6397501	690	-90	0	15	AAAP	1975

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NM62004040	RAB	761093	6397620	698	-90	0	15	AAAP	1975
NM62004160	RAB	761095	6397738	699	-90	0	20	AAAP	1975
NM62004760	RAB	761112	6398327	653	-90	0	30	AAAP	1975
NM62204760	RAB	761132	6398327	655	-90	0	30	AAAP	1975
NM62403800	RAB	761127	6397382	695	-90	0	15	AAAP	1975
NM62403920	RAB	761130	6397500	696	-90	0	15	AAAP	1975
NM62404040	RAB	761133	6397619	701	-90	0	20	AAAP	1975
NM62404160	RAB	761135	6397736	702	-90	0	20	AAAP	1975
NM62604040	RAB	761153	6397618	702	-90	0	20	AAAP	1975
NM62604760	RAB	761172	6398326	658	-90	0	30	AAAP	1975
NM62803800	RAB	761167	6397382	697	-90	0	15	AAAP	1975
NM62803920	RAB	761168	6397499	698	-90	0	15	AAAP	1975
NM62804040	RAB	761173	6397617	702	-90	0	20	AAAP	1975
NM62804160	RAB	761173	6397734	703	-90	0	20	AAAP	1975
NM62804760	RAB	761192	6398325	663	-90	0	30	AAAP	1975
NM63004040	RAB	761193	6397617	702	-90	0	20	AAAP	1975
NM63004760	RAB	761212	6398325	670	-90	0	30	AAAP	1975
NM63203800	RAB	761207	6397381	700	-90	0	15	AAAP	1975
NM63203920	RAB	761208	6397498	700	-90	0	15	AAAP	1975
NM63204040	RAB	761213	6397616	701	-90	0	20	AAAP	1975
NM63204160	RAB	761214	6397735	701	-90	0	20	AAAP	1975
NM63403920	RAB	761229	6397497	701	-90	0	15	AAAP	1975
NM63603800	RAB	761246	6397380	702	-90	0	15	AAAP	1975
NM63603920	RAB	761249	6397497	701	-90	0	15	AAAP	1975
NM63604040	RAB	761253	6397616	693	-90	0	16	AAAP	1975
NM63604160	RAB	761254	6397735	695	-90	0	15	AAAP	1975
NM63803920	RAB	761269	6397496	700	-90	0	15	AAAP	1975
NM64003800	RAB	761285	6397380	707	-90	0	15	AAAP	1975
NM64003920	RAB	761290	6397496	698	-90	0	15	AAAP	1975
NM64004040	RAB	761293	6397615	689	-90	0	15	AAAP	1975
NM64004160	RAB	761294	6397733	691	-90	0	15	AAAP	1975
NM64403800	RAB	761326	6397378	707	-90	0	15	AAAP	1975
NM64403920	RAB	761329	6397495	699	-90	0	15	AAAP	1975
NM64404040	RAB	761332	6397614	686	-90	0	15	AAAP	1975
NM64404160	RAB	761334	6397733	684	-90	0	15	AAAP	1975
NM64803800	RAB	761365	6397377	707	-90	0	15	AAAP	1975
NM64803920	RAB	761369	6397494	697	-90	0	15	AAAP	1975
NM64804040	RAB	761372	6397613	686	-90	0	20	AAAP	1975
NM64804160	RAB	761373	6397731	680	-90	0	15	AAAP	1975
NM65003920	RAB	761389	6397493	700	-90	0	15	AAAP	1975
NM65203800	RAB	761406	6397377	710	-90	0	15	AAAP	1975
NM65203920	RAB	761409	6397492	700	-90	0	15	AAAP	1975
NM65204040	RAB	761412	6397611	690	-90	0	15	AAAP	1975

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NM65204160	RAB	761414	6397730	680	-90	0	15	AAAP	1975
NM65403920	RAB	761429	6397492	700	-90	0	15	AAAP	1975
NM65603080	RAB	761427	6396665	730	-90	0	20	AAAP	1975
NM65603800	RAB	761446	6397375	713	-90	0	15	AAAP	1975
NM65603920	RAB	761449	6397491	700	-90	0	16	AAAP	1975
NM65604040	RAB	761452	6397611	697	-90	0	15	AAAP	1975
NM65604160	RAB	761454	6397729	679	-90	0	15	AAAP	1975
NM65803920	RAB	761466	6397491	710	-90	0	20	AAAP	1975
NM66003080	RAB	761468	6396663	733	-90	0	20	AAAP	1975
NM66003800	RAB	761486	6397375	724	-90	0	15	AAAP	1975
NM66003920	RAB	761486	6397491	719	-90	0	20	AAAP	1975
NM66403080	RAB	761507	6396662	738	-90	0	20	AAAP	1975
NM66403800	RAB	761526	6397373	735	-90	0	15	AAAP	1975
NM66403920	RAB	761525	6397490	722	-90	0	20	AAAP	1975
NM66803080	RAB	761546	6396661	740	-90	0	20	AAAP	1975
NM66803800	RAB	761564	6397372	746	-90	0	15	AAAP	1975
NM66803920	RAB	761568	6397489	730	-90	0	20	AAAP	1975
NM67203080	RAB	761587	6396660	745	-90	0	20	AAAP	1975
NM67603200	RAB	761629	6396776	737	-90	0	20	AAAP	1975
NM67803200	RAB	761649	6396776	735	-90	0	20	AAAP	1975
NM67803920	RAB	761667	6397486	750	-90	0	20	AAAP	1975
NM68003200	RAB	761670	6396775	737	-90	0	20	AAAP	1975
NM68003920	RAB	761687	6397486	740	-90	0	20	AAAP	1975
NM68203200	RAB	761690	6396774	740	-90	0	20	AAAP	1975
NM68403200	RAB	761711	6396774	750	-90	0	20	AAAP	1975
NM68603200	RAB	761730	6396773	753	-90	0	20	AAAP	1975

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JORC Code, 2012 Edition – ANNEXURE 2

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.***	• **Soil sampling was undertaken with a hand pick or mattock collecting material from a depth of 10-30cm being within soil horizon C. Sampling was completed on a grid of 160 metres by 160 metres. Material is sieved to 800µm at each site with the finer material being collected and sealed in a paper sachet. Notes of each site are collected including sample depth, colour, texture, moisture content, date, location and any other relevant comments. Industry approved standard samples are inserted at a ratio of 1:50. Samples are boxed on site at the Bowdens Silver office and delivered by Bowdens Silver employees directly to ALS in Orange for analysis by ME-MS41.** • **Rock chip sampling was undertaken with a sledge hammer to collect adequate fresh sample for assay. Samples were collected on a pseudo grid of around 100 metres by 200 metres to cover the strike and width of the main limestone and skarn lithology. Samples were around 1.5kg in weight, placed in calico bags and assigned a sample number. Industry approved standard samples are inserted at a ratio of 1:50. Samples are placed in polyweave bags at the Bowdens Silver office and delivered by Bowdens Silver employees directly to ALS in Orange for analysis by ME-ICP61 and Au-AA25.**

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Criteria	JORC Code explanation	Commentary
		• Drill results were compiled from open-file reports filed by previous explorers with the NSW Department of Resources and Energy and as a result, historic results cannot necessarily be verified and are used for exploration targeting purposes only.
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).***	• **A total of 2 historic diamond drill holes, 4 historic RC drill holes, 144 historic RAB drill holes have been drilled. All diamond core was HQ and NQ in size and orientated core is not available. All RC drill holes drilled with a 5.5-inch face sampling bit. RAB hammer size unknown.**
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.***	• **Historic diamond drill core stored on site shows good recovery for all intervals.**
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.***	• **For all historic diamond and RC drilling, detailed geological logging has been undertaken by qualified geologists. No detailed geological logs are available for historic RAB drill holes.**
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.***	• **Sampled soil is sieved to 800µm in the field and an approximate 200g sample is stored in a sealed paper sachet with unique identification numbers placed inside and on the sachets.** • **Upon receival at the laboratory samples are re-sieved to -250µm prior to**

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Criteria	JORC Code explanation	Commentary
	• ***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.***	**analysis** • **Historic RC drill chips were split into a 1/16 sample and a 15/16 reject sample. Duplicate samples were collected every 30 metres by running the remainder 15/16 through a 50/50 splitter box 3 times. Between 3-4 standards and blanks where inserted at the end of each hole.** • **Historic diamond core was selectively cut by core saw and half core was sampled.**
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 dispatched to ALS Global in Orange, NSW for sample preparation and 51 multi-element analyses by Aqua Regia using method ME-MS41. Industry approved standard samples are inserted every 50 samples to check for quality control at the lab.** • **Rock chip samples dispatched to ALS Global in Orange, NSW for sample preparation by crushing and pulverising. Samples then undergo 33 multi-element analyses by 4 acid digestion using method ME-ICP61 and by fire assay method Au-AA25. Industry approved standard samples are inserted every 50 samples to check for quality control at the lab.** • **Historic RC samples were sent to ALS in Orange for analysis by ICPAES for silver, arsenic, gold, copper, lead, antimony and zinc.** • **Historic diamond drill holes were sent to Analabs in Welshpool WA for analysis. Samples were crushed, split, pulverized and screened prior to perchloric acid and hydrochloric acid digests to create a pressed powder for XRF.** • Drill results were compiled from open-file reports filed by previous explorers with the NSW Department of Resources and Energy and as a result, historic

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Criteria	JORC Code explanation	Commentary
		results cannot necessarily be verified and are used for exploration targeting purposes only.
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.***	• **Primary assay data is sent electronically from the lab to the SVL database administrator and then entered into the geological database for validation.** • **All assays are matched with the pre-entered field information 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.** • **Assays for historic drilling were obtained through online open file reports.**
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.***	• **Soil sample locations are surveyed with a hand-held GPS garmin unit which has an accuracy to around 3m.** • **Rock chip samples are surveyed with a hand-held GPS garmin unit which has an accuracy to around 3m.** • **Coordinates are MGA Zone 55 (GDA94).** • **Historic RC and RAB drill collar locations have been verified in field.** • **Historic diamond drill pad locations have been verified by satellite imagery**
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.***	• **Soil survey resolution is designed for regional scale soil geochemistry surveying with point samples located at spacings of 160 metres by 160 metres (easting by northing).** • **Survey resolution closer to known mineralisation or resources may be reduced to spacings of 80 metres by 80 metres (easting by northing).** • **Rock chip sampling was designed to adequately cover the line of strike**

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Criteria	JORC Code explanation	Commentary
		and width of the known skarn alteration and limestone lithology.
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.***	• **Not applicable**
Sample security	• ***The measures taken to ensure sample security.***	• **All samples boxed on site under the supervision of two senior geologists with sample bags tied with cable ties before being driven by site personnel to the laboratory in Orange, NSW (~200km from the site)**
Audits or reviews	• ***The results of any audits or reviews of sampling techniques and data.***	• **No external reviews of the rock chip or soil geochemical data have been undertaken.** • **Internal review of historic sampling techniques for diamond core and RC drilling has been carried out.**

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 License 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.**

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Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• ***Acknowledgment and appraisal of exploration by other parties.***	• **The Barabolar Project area encompasses a number of previously separate prospects which have been variously explored by previous companies. These companies include, but are not limited to, Australian Anglo American Prospecting, Newmont Limited, Silver Standard Australia and Central West Gold Limited. The most significant results from some of this work has been detailed in this release where applicable.**
Geology	• ***Deposit type, geological setting and style of mineralisation.***	• **The Barabolar Project represents a potential shallow level porphyry Mo-Cu system with associated skarn and epithermal mineralisation, hosted within Ordovician sediments and Carboniferous granites.** • **Mineralisation includes vein hosted molybdenite and pyrite within D veins and semi stockwork veinlets, as well as disseminated chalcopyrite – galena – sphalerite overprinting prograde skarn alteration assemblages and peripheral epithermal quartz sulphide veins.** • **Mineralisation of Molybdenite in veins is nearly vertical, whereas disseminated base metal sulphides in skarn units are dipping towards the west parallel to stratigraphy. More information is required to determine fully the true orientation of mineralisation as a whole.**
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***	• **All information is included in Appendix 1 and 2 of this report.**

Criteria	JORC Code explanation	Commentary
	○ ***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.***	
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.***	• **Reported historic drill intercepts are length weighted with varied cut-off grades** • **No cutting of high grade values has been undertaken.**
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').***	• **Insufficient information is available at this stage to ascertain the true dip of structures reported here. Therefore, the true width of the intercepts cannot be known.**
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 of drill plans provided in the body of this report.** • **Significant historic intercepts are tabulated in appendix 1 and 2 above.**
Balanced reporting	• ***Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades***	• **All significant historic drilling results are reported here. These results are also available in open source reports from the NSW Government**

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Criteria	JORC Code explanation	Commentary
	and/or widths should be practiced to avoid misleading reporting of Exploration Results.	**DIGS website.**
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.***	• **No significant exploration results have been omitted.**
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 new model of potential mineralisation at the Barabolar project. As such, exploration activities will be designed to account for a broad system of formation and extents to mineralisation. The model proposes an area of core mineralisation potential and as such this area (Botobolar Molybdenum Mine) will be further explored first.**

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Tenement Information as at 31st December 2017

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%	-
ELA 5405	Bowdens Silver	NSW	application	-
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 December 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	54	64
1.2	Payments for		
	(a) exploration & evaluation	(1,879)	(3,542)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(642)	(1,286)
	(e) administration and corporate costs	(487)	(819)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	17
1.5	Interest and other costs of finance paid	(3)	(4)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	267	267
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,681)**	**(5,302)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	(305)	(835)

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Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(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**	**(305)**	**(835)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	4,300	4,300
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	1	1
3.4	Transaction costs related to issues of shares, convertible notes or options	(265)	(265)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (transfer for June capital raising)	-	-
3.10	**Net cash from / (used in) financing activities**	**4,036**	**4,036**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	490	3,641
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,681)	(5,302)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(305)	(835)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,036	4,036
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,540**	**1,540**

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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	1,540	490
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)**	**1,540**	**490**

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	163
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

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

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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		
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	400
9.2	Development	-
9.3	Production	-
9.4	Staff costs	500
9.5	Administration and corporate costs	150
9.6	Other (provide details)	-
9.7	**Total estimated cash outflows**	**1,050**

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			

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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: 31 January 2018

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.

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