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31 July 2019

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

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 June 2019

HIGHLIGHTS

Bowdens Silver Project

- **Positive preliminary environmental assessment outcomes.**
- **Environmental Impact Statement (EIS) in the final stages before submission for Development Consent.**
- **Preliminary key components of the EIS confirm favourable outcomes including:**
  - **Minimal impacts on surface water and groundwater;**
  - **A new water pipeline to be built providing water for processing sourced from nearby coalfields;**
  - **Substantial local economic benefits for a high unemployment jurisdiction;**
  - **Air quality and health parameters show no exceedances and are negligible during the life of the mine.**

Cringle and Kia Ora West Drilling

- **Drilling complete for 9 holes totaling 1,861 metres.**
- **Intersected gold and base-metal mineralisation and high temperature alteration minerals suggestive of proximity to intrusive source.**
- **Gravity survey and deeper drilling planning advanced and regional soil sampling expanding to the west of the Barabolar Corridor has commenced.**

Corporate

- **Subsequent to the end of the quarter, placement conducted to institutional, professional and sophisticated investors raising $2.75 million.**

Introduction

During the June 2019 quarter Silver Mines Limited (ASX:SVL) ("Silver Mines" or "the Company") reported preliminary results from various Environmental Impact Statement (EIS) specialist consultancy reports for the proposed development of the Bowdens Silver Project located approximately 26 kilometres east of Mudgee in the Central Tablelands Region of New South Wales.

The Bowdens Silver Project is the largest undeveloped silver deposit in Australia and lies within Exploration Licence 5920 which is 100% held by the Company.

The development Project comprises an open-cut mine feeding a new processing plant comprising a conventional milling circuit and differential flotation to produce two concentrates that will be sold for smelting off site. Plant capacity is designed for 2.0 million tonnes per annum with a project life of 17 years. Life of mine production is planned to be approximately 53 million ounces of silver, 116,000 tonnes of zinc and 83,000 tonnes of lead.

The Company is in the final stages of completing the EIS and expects to lodge to the NSW Department of Planning and Environment during the second half of calendar 2019. A Mining Lease application and a Development Application (DA) will be lodged in conjunction with the EIS.

In the ASX release of 21st June 2019, Managing Director Anthony McClure stated "Baseline environmental data capture at Bowdens has been ongoing for approximately eight years so we have a comprehensive dataset to draw from. Since acquiring the project in mid-2016, we have progressed with a methodical de-risking and we are delighted to announce that the preliminary key components of the EIS have been successfully determined with particularly favourable outcomes."

Water Management

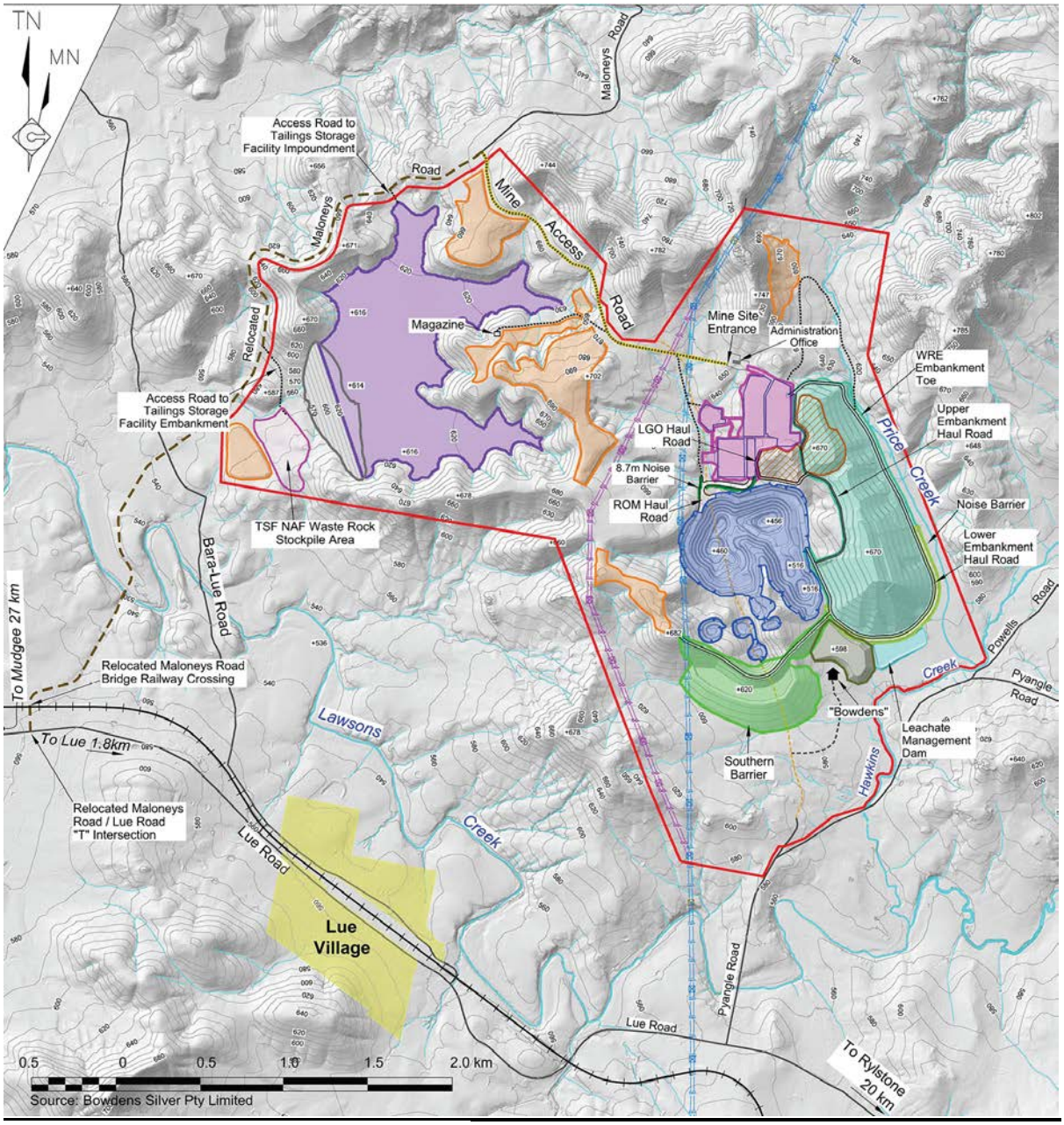
Surface water and groundwater assessments have been undertaken in accordance with the Department of Planning and Environment's assessment requirements and the NSW Aquifer Interference Policy. The assessments have determined minimal impacts from the Project on surface water and groundwater.

Annual water usage is planned to be approximately 2,000 megalitres (ML) for processing and dust suppression. Water is proposed to be sourced from:

- **Approximately 950 ML per year recycled from the tailings storage facility (TSF);**
- **Up to 530 ML per year from open cut pit dewatering;**
- **Up to 250 ML per year from on-site sediment-laden surface water collection; and**
- **In excess of 300 ML per year of surplus mine water would be sourced from the Ulan coalfields via a buried water supply pipeline.**

The approximate 56km pipeline would be constructed and commissioned during the construction phase of the Project.

Initial drawdown from the pipeline in the first six months of operations is estimated to be approximately 1000 ML. Once the return water system from the TSF is fully operational, annual quantities decrease.



REFERENCE
- Mine Site Boundary
- Contour (m AHD) (Interval = 10m)
- Spot Height (mAHD)
- Existing Watercourse / Drainage Line
- Road
- Closed Railway Line
- Existing Power Line (500kV) / Tower
- Maloneys Road (Section to be closed)

Note:
LGO = Low-grade Ore
NAF = Non-acid Forming
ROM = Run of Mine
TSF = Tailings Storage Facility
WRE = Waste Rock Emplacement

Proposed Component
- Re-aligned Power Line (500kV) / Tower
- Relocated Maloneys Road
- Mine Access Road
- Internal Road
- Haul Road / Indicative Haul Road
- Open Cut Pit
- Tailings Storage Facility
- Processing Plant/ROM Pad/Mining Facility Area
- Soil Stockpile Area
- Low-grade Ore Stockpile Area
- TSF NAF Waste Rock Stockpile Area
- Southern Barrier
- Waste Rock Emplacement
- Oxide Ore Stockpile
- Lower Embankment Noise Barrier
- Noise Barrier

Figure 1. Bowdens Silver Preliminary Mine Site Layout.

Economic and Social Impacts

The Bowdens Silver Project would result in revenue generation through the extraction of resources and provision of ongoing employment opportunities through the operating life of the Project.

The peak workforce is planned to be 320 personnel during construction and 230 personnel during operations.

The Company is committed to local employment, procurement and education pathways to ensure that benefits are maximised locally and regionally.

The Project is likely to have a material benefit to the local communities in particular having a positive impact on high levels of unemployment in various communities/towns across the region as well as utilising local businesses and suppliers.

In consultation with the local communities, key social impacts are well documented and include impacts on sense of community, culture, way of life, access and use of services, opportunities for local employment and procurement.

The Company is committed to ensuring the sustainability of the local Lue village and other nearby townships which would benefit from the Project. In addition to the Company's current social programs, the development of a Community Investment Program will be initiated.

In consultation with the local communities, the costs and benefits associated with the Project have been examined in detail and are currently being assessed and will be presented in the EIS.

Air Quality, Noise, Visual and Health Impacts

The Project is significantly aided by a topographical ridge line which forms a natural barrier between the Mine Site, the village of Lue and other residences. During the life of the mine, no part of the open pit operations, the processing facilities, the TSF or any other infrastructure will be visible from the village.

The air quality modelling for the Project established that the impact criteria for annual average PM_{10} concentrations, $PM_{2.5}$ concentrations, total suspended particles (TSP) and dust deposition would not be exceeded at any stage of the Project.

Furthermore, no exceedances of the impact assessment criteria are predicted at private residences for metal dust concentrations and respirable crystalline silica. In relation to the analyses of metals, health risks to the local communities from the operations are considered negligible.

Almost all noise levels during the day, evening and night are below the accepted thresholds for any adverse health effects. Some exceedances during worst-case meteorological conditions would occur at some of the closest properties. Mitigation measures would be offered to those households.

Rehabilitation and Ecology Offsets

A comprehensive rehabilitation program is planned with progressive rehabilitation over the Project life.

The Company plans to continue to harvest seed from native vegetation on site to add to its substantial seed bank. A dedicated nursery to propagate the seed is planned.

Revegetation would either be temporary or permanent. Temporary revegetation would focus on the use of exotic pastures to ensure rapid growth, whereas emphasis would be placed upon native vegetation (trees, shrubs and ground covers) on all permanent vegetated areas.

Activities within the Mine Site would impact in excess of 300 hectares of native vegetation and fauna habitat.

The Company is committed to delivering a biodiversity offset strategy that appropriately compensates for the loss of ecological values as a result of the Project. The strategy is being developed in accordance with the NSW Framework for Biodiversity Assessment and the requirements of the NSW Office of Environment and Heritage.

Aboriginal Cultural Heritage

In collaboration with the Aboriginal community, the Company will provide a “Keeping Place” for salvaged artefacts within the Mine Site so these can be returned to the final landform post-mining in recognition of the importance of appropriate management of items of cultural heritage significance. An Aboriginal Cultural Heritage Management Plan would also be developed to guide these activities.

Environmental Impact Statement

The EIS is managed and authored by R.W. Corkery & Co with a range of selected independent specialist consultants covering:

Noise, Vibration and Blasting;
Air Quality;
Health;
Social Impact;
Surface Water;
Groundwater;
Traffic and Transport;
Visibility;
Terrestrial Ecology;
Aquatic Ecology;
Soils and Land Capability;
Aboriginal and Cultural Heritage;
Economic Impact; and
Agricultural Impact.

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. During the June 2019 quarter, Bowdens Silver hosted a community Open Day onsite. The Open Day was highly successful and very well attended by members of the local communities.

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 4)*. 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 and one of the largest globally with substantial resources and a considerable body of high quality technical work completed. The projects boast outstanding logistics for future mine development.

Barabolar Project Exploration

During the June 2019 quarter the Company received laboratory assay results from the first round of drilling at the Cringle and Kia Ora West prospects. Cringle and Kia Ora West lie within the Barabolar Project, which is located approximately 26 kilometres east of Mudgee in central New South Wales and 10 kilometres northwest of the Company's Bowdens Silver Project.

The drilling program consisted of seven reverse circulation (RC) holes for a total of 1,386 metres at Cringle (BAR19002 – BAR19008), and two RC holes with one diamond tail for 475 metres at Kia Ora West (BAR19001 and BAR19009) (*refer to Table 1. and Table 2*.). Drilling at Cringle targeted multiple gold-silver high-grade rock chip samples and associated strong arsenic anomalism in soils, while at Kia Ora West, drilling was targeting a strong IP chargeability anomaly coincident with a copper anomaly in soils.

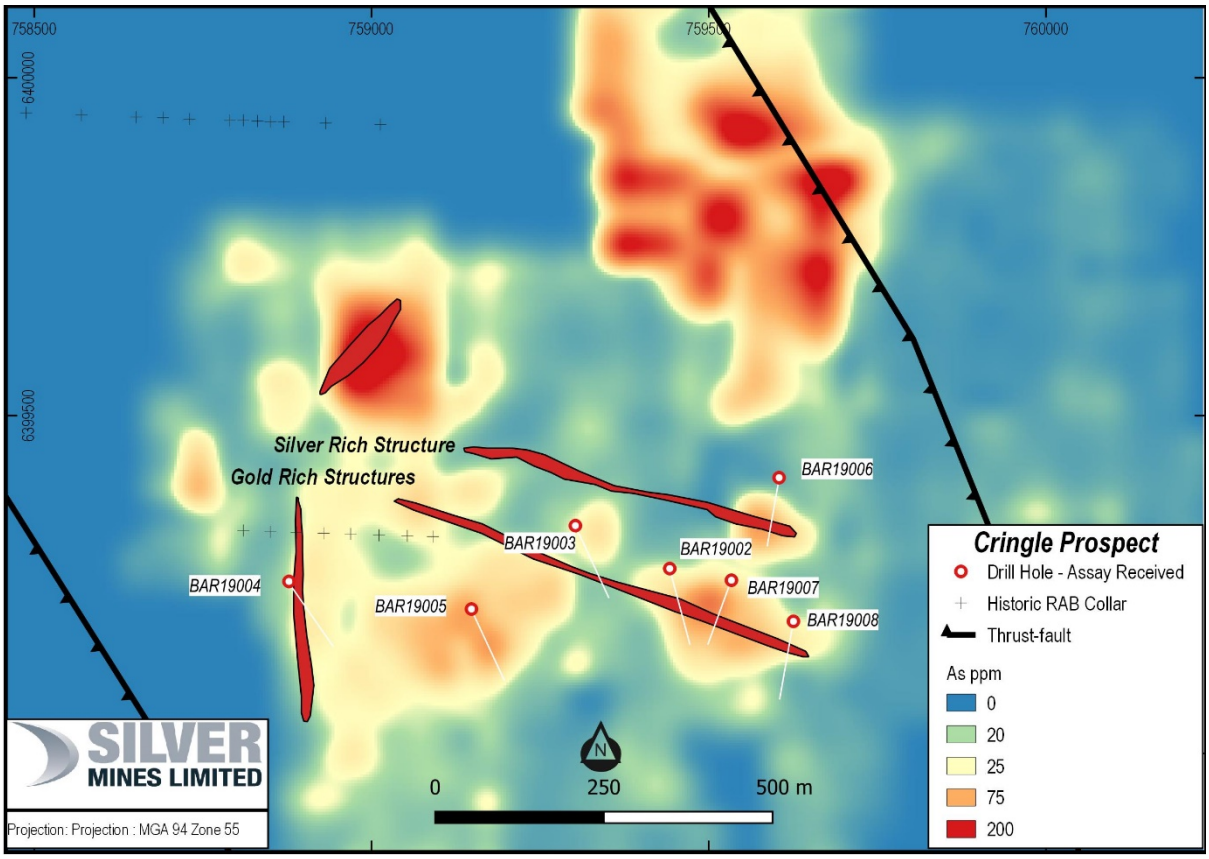


Figure 2. Cringle Prospect drill hole locations on background of arsenic anomalism in soils

Cringle Prospect Drilling

Gold has been confirmed in multiple areas with up to 1.18 g/t gold returned over 1 metre within BAR19007 from 79 metres within a broader interval of 6 metres at 0.43 g/t gold from 75 metres. A similar interval of 5 metres at 0.42 g/t gold was intersected in BAR19002. Gold is associated with antimony, sulphur and copper and is hosted within pyrite and quartz pyrite veins near a contact of phyllite and shale.

Zones of base metal mineralisation consisting of galena (lead sulphide) and sphalerite (zinc sulphide) were intersected within holes BAR19003 and BAR19005 while chalcopyrite (copper iron sulphide) was intersected across a number of one metre intervals within BAR19004.

BAR19005 returned 1 metre of 1.44% zinc, 0.87% lead and 17 g/t silver from 101 metres, and BAR19003 returned 1 metre of 0.55% zinc, 0.76% lead and 24.1 g/t silver from 74 metres within a broader 8 metre interval of 0.35% zinc, 0.39% lead and 4 g/t silver from 67 metres. BAR19004 returned 0.1% copper over 1 metre from 156 metres and again from 164 metres, associated with significantly elevated bismuth and sulphur and an area of intense silicification within shales.

Mineralisation appears widespread with multiple structures undergoing hydrothermal activity and deposition of quartz and sulphides. A large arsenic anomaly to the northeast of the Cringle drilling is currently being mapped and sampled (refer to ASX release of 13 June 2019).

These drill results indicate that mineralisation in the Cringle area is related to a heat-source that is generating mineralised hydrothermal fluids. This heat-source is likely an intrusive such as a porphyry. Based on structural geological analysis, along with a review of metal zoning, this source is most likely beneath and to the west of Cringle. A detailed geophysical gravity survey is currently being planned with the aim to locate an intrusion at depth.

Kia Ora West Prospect Drilling

Diamond drilling at Kia Ora West successfully intersected a zone of ~80 metres of high temperature skarn dominated by garnet alteration within BAR19009. The skarn coincided with a strong geophysical chargeability anomaly and resistivity anomaly, and was consistently mineralised with trace chalcopyrite with a peak copper assay of 0.05%. A small garnetite zone with galena and sphalerite returned an assay of 0.6 metre with 0.1% zinc, 0.1% lead and 4 g/t silver from 279.2 metres.

Importantly, diamond drilling of the skarn showed multiple generations of hydrothermal events with at least 3 generations of vein sets, high temperature alteration assemblages indicative of proximity to heat source, likely a porphyry intrusion, and that the skarn is fault bounded on both the hanging wall and footwall indicating dislodgement from an original location. The Kia Ora skarn appears to the dip to the west and, similarly to the observations at Cringle, provide vectors for targeting a mineralised porphyry at depth.

Exploration Program

Exploration work is continuing to expand at the Barabolar project area with a regional soil sampling program commenced to the west of the Mt Laut Pyrophyllite alteration zone, and west of the Cringle Prospect. This area has had limited previous exploration and is dominated by andesitic volcanics and Ordovician sediments.

Shallow RC drilling conducted during the mid-1990's around the Mt Laut area identified significant increases in silica-sericite-pyrite alteration associated with hydrothermal veins and minor increases in chalcopyrite (copper sulphide) and base metal sulphides. Importantly, silicification and pyrite development were said to increase substantially with depth (*NSW Government open file report – GS1998_262.R00020304*). This historic sampling was only assayed for gold but is indicative of the outer phyllic zone of alteration around a buried porphyry body.

Subject to land access, a broad project wide gravity survey is planned to assist in defining structure, especially the Mt Bara Thrust Fault, throughout the region and to identify buried intrusions. Planning is advanced and surveying will commence in the coming months. Multiple NSW Macquarie Arc porphyry deposits, such as Northparkes and the Lake Cowal District, have associated gravity responses.

Subject to results from the regional soils program and the completion of the proposed gravity survey, an expanded drilling program, consisting of reverse circulation and diamond core holes, will be designed. This program will have the intention of targeting major porphyry related mineral systems at depth.

During the quarter, the Company received departmental approvals for the expansion of the Cringle drill program targeting large arsenic soil anomalies to the north of the gold and silver structures. This anomalism is coincident with a gossanous vein stockwork zone mapped over several metres of width

The rocks of the Barabolar Project area are Ordovician age (the same age as giant Cadia-Ridgeway porphyry copper-gold project located near Orange, NSW) and include sedimentary and volcanic rocks, an extensive skarn (highly altered microdiorite), and several porphyritic intrusions (*refer to Figure 3*). 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.

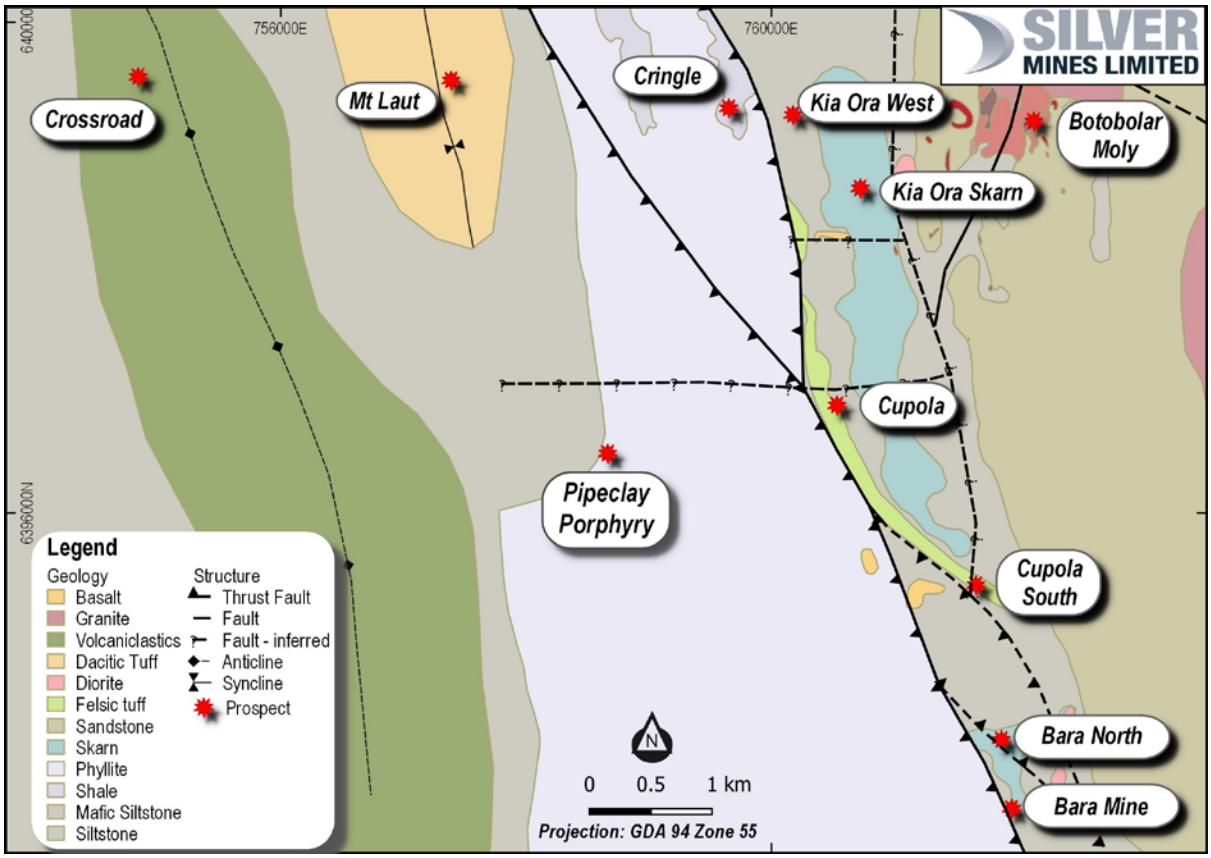


Figure 3. Barabolar Project geology with prospects

About the Barabolar Project

The Barabolar Project is located in central New South Wales, approximately 26 kilometres east of Mudgee (*refer to Figure 4*). The consolidated area comprises 2,007 km^2 (496,000 acres) of titles covering approximately 80 kilometres of strike of the highly mineralised Rylstone Volcanics and Macquarie Arc. Multiple target styles and mineral occurrences have potential throughout the district including analogues to Bowdens Silver, high-grade silver-lead-zinc epithermal and volcanogenic massive sulphide (VMS) systems and porphyry and skarn hosted copper-gold-molybdenum targets.

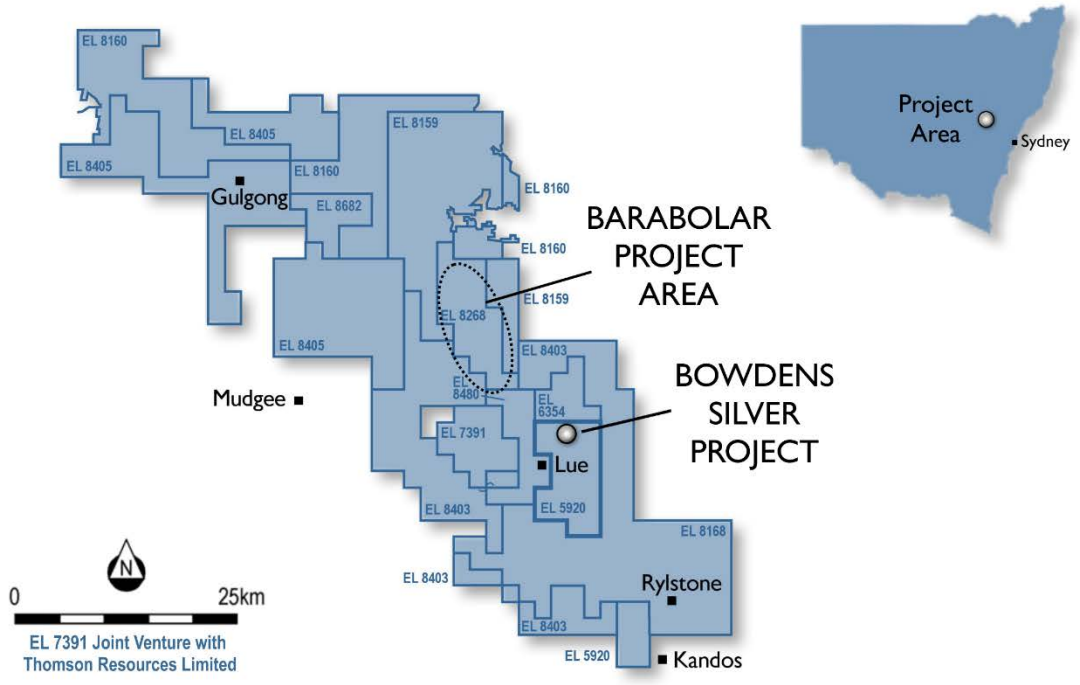


Figure 4. Silver Mines Limited tenement holdings in the Mudgee district.

Tuena Gold Project

During the June 2019 quarter the Company continued with geological reconnaissance work and expanded work program planning at the highly prospective Tuena Gold Project (EL8526) located in the Southern Tablelands of New South Wales.

The Tuena Gold 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.

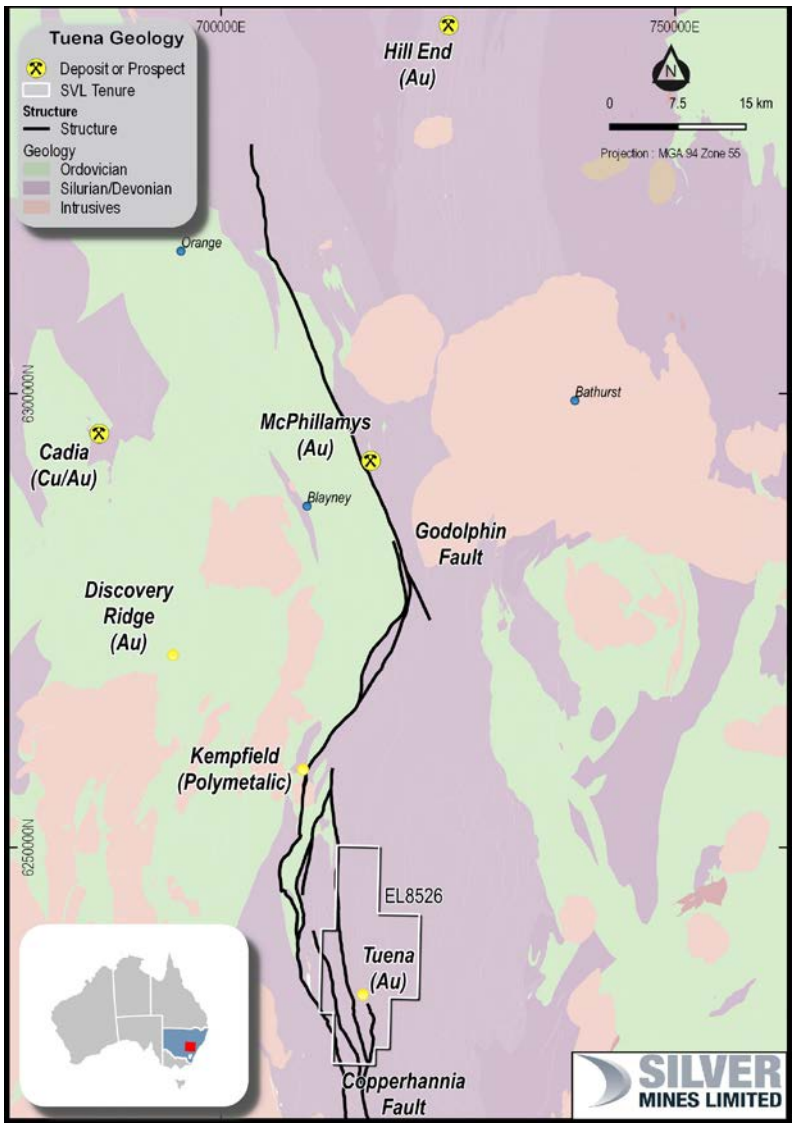


Figure 5. Tuena Project location with regional geology and major deposits.

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, as indicated by historic shafts and adits, can be mapped over several kilometres of strike.

Work during the previous quarter, including reconnaissance soil sampling, was focussed at the Lucky Hit, Golden Dyke South, Garnet and Cooper & McKenzie historic workings *(refer to release dated 26 March 2019 and Figure 6)* to investigate if there is continuity of mineralisation beyond the limits of historic workings.

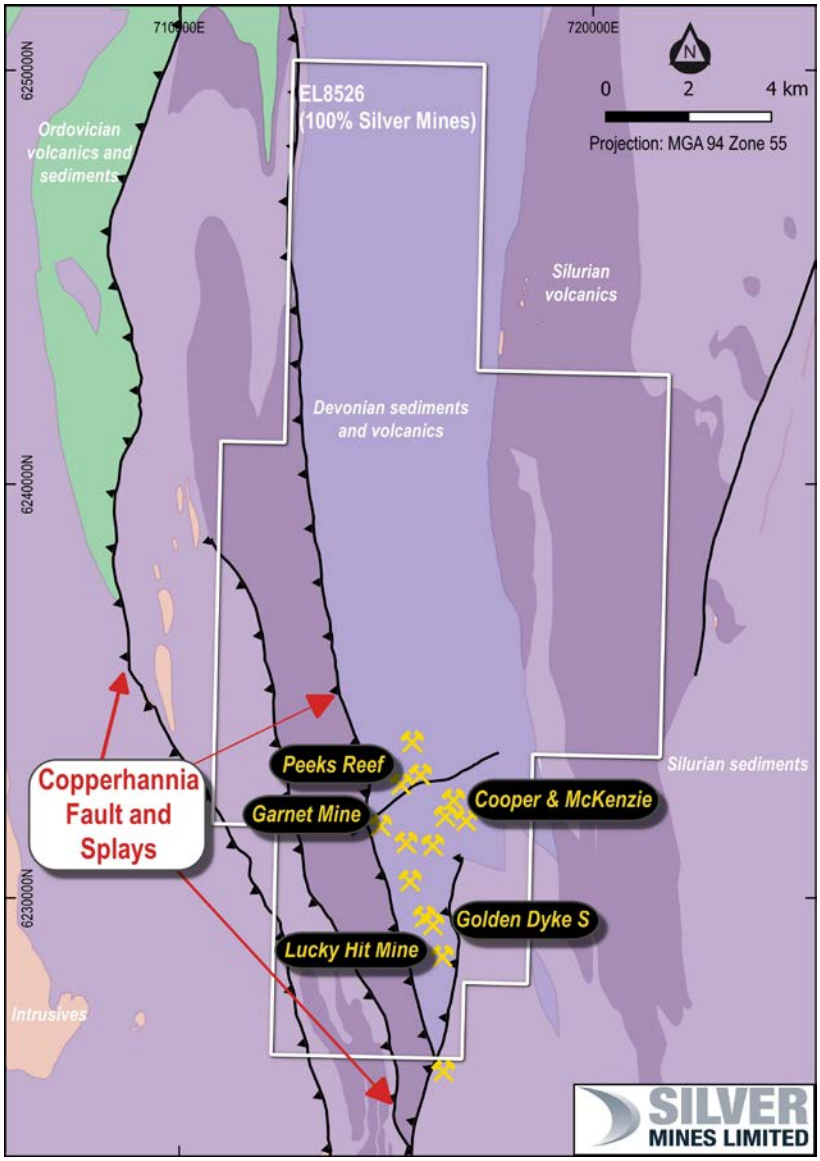


Figure 6. General geology and prospect map of EL8526 showing historic working locations.

At the Cooper & McKenzie prospect a 500 metre long arsenic anomaly is coincident with strong gold, silver and antimony anomalies. At the Garnet Mine, 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 planning an expanded exploration program for the Tuena Gold 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 planned. 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.

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 7)*. 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.

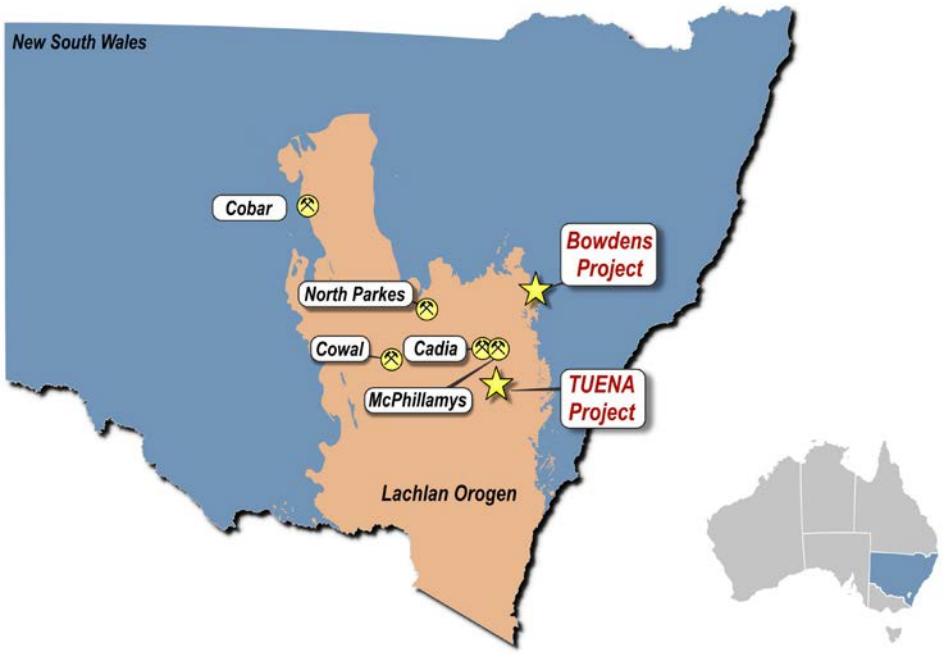


Figure 7. Silver Mines Ltd Projects in New South Wales.

Other Projects

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

Research and Development Update

The Company has an active research and development (R&D) program to better map and understand the Permian volcanics and basement Paleozoic (Ordovician and Silurian) rocks of the Company's exploration licenses. The R&D programs have been led by the Company's Geoscientific Data Scientist, Mr David Biggs; Project Geologist, Mr Tom Klein, and have been overseen by an advisor to the Company, Dr Darren Holden. The R&D programs are on-going and have, over the past three years, involved collaboration with researchers from the University of Technology Sydney, the University of New South Wales and Macquarie University. Several industry consultants and data collection contractors have also assisted in analysing and providing base datasets for the R&D program.

The R&D project involves developing innovative new technology and processes and includes geological studies on the Bowdens Silver Deposit and particularly the basement rocks and the search for a porphyry source. In addition, site-specific research has been conducted on the Barabolar Project area and elsewhere in the Company's portfolio. The Company has developed and continues to develop new technologies for multivariate geochemical analysis; automated mapping of geology from geochemistry data; and predictive geochemistry modelling using machine learning techniques. These R&D programs have developed further hypotheses for mineralisation in areas such as basement rocks beneath the main volcanic host at the Bowdens Silver Deposit; Bowdens northern and north-westerly extensions; and several targets in the Barabolar Corridor including the Cringle prospect area. Much of the Company's exploration drilling is considered as a test of our R&D technologies and processes.

During the June 2019 quarter, the development and application of the machine learning predictive geochemistry technology continued. In addition, hypotheses generated from our R&D technology, for mineralisation at Cringle, was tested with drilling.

Corporate Update

Subsequent to the end of the quarter, on 5th July 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 $2.75 million (before costs), via the issue of 55,000,000 shares and 27,500,000 options, exercisable at $0.06 and expiring on 6th September 2021.

The Placement saw the introduction of well-regarded resources institutional shareholder Sprott Asset Management LP of Canada ("Sprott") who subscribed for A$1.0 million of the Placement.

The funds raised under the Placement will be primarily used for funding exploration at the Barabolar Project, other exploration activities, the completion of the Environmental Impact

Statement for the Bowdens Silver Project, associated land acquisitions and for corporate and general working capital purposes.

During the June 2019 quarter, 9,000,000 unlisted options ($0.30 exercise price) expired on 20 June 2019.

Further information:

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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 30 June 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%.

Table 1. New drill collar locations with results received for all holes.

Prospect	Hole ID	GDA94 East	GDA94 North	RL (m)	Dip	Azimuth (grid)	Depth (m)	Drill Type	Comment
Kia-Ora West	BAR19001	760118	6398562	643.18	-60	57	140	RC	Assays received
Cringle	BAR19002	759442	6399273	638.00	-55	165	192	RC	Assays received
Cringle	BAR19903	759303	6399335	616.75	-55	166	192	RC	Assays received
Cringle	BAR19004	758877	6399253	626.69	-55	153	192	RC	Assays received
Cringle	BAR19005	759148	6399213	627.00	-55	156	192	RC	Assays received
Cringle	BAR19006	759604	6399406	647.00	-55	209	210	RC	Assays received
Cringle	BAR19007	759533	6399256	661.48	-55	201	210	RC	Assays received
Cringle	BAR19008	759625	6399194	661.97	-55	190	198	RC	Assays received
Kia Ora West	BAR19009	760041	6399259	615.86	-60	94	335.2	RC with diamond tail	Assays received

Table 2. Significant assays from drilling of holes BAR19001 to BAR19009.

Hole ID	Metre From	Metre To	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
BAR19001	NSR							
BAR19002	94	99	5	0.42	1.94	0.019	0.009	0.018
including	95	96	1	0.67	3.3	0.023	0.014	0.025
including	97	98	1	0.71	1.6	0.014	0.016	0.028
	105	106	1	0.18	1.2	0.01	<0.01	0.015
	129	130	1	0.24	0.8	0.01	<0.01	0.069
BAR19003	67	75	8	<0.01	5.1	0.013	0.39	0.35
including	67	68	1	<0.01	4	0.013	0.76	0.55
including	74	75	1	0.11	24.1	0.012	0.26	0.16
	150	151	1	0.15	<0.5	<0.01	<0.01	0.012
BAR19004	63	64	1	0.34	<0.5	<0.01	<0.01	0.014
	65	66	1	0.27	<0.5	<0.01	<0.01	0.012
	143	144	1	0.14	10.9	0.062	0.018	0.032
	156	157	1	0.14	4.6	0.1	<0.01	<0.01
	164	165	1	0.02	4	0.1	0.029	0.029
	170	171	1	0.11	<0.5	<0.01	<0.01	0.03
BAR19005	76	77	1	0.05	4.3	0.013	0.27	0.21
	101	102	1	0.02	17	0.021	0.87	1.44
BAR19006	NSR							
BAR19007	75	81	6	0.43	2.25	0.018	0.019	0.043
including	79	80	1	1.18	5.2	0.042	0.02	0.026
	135	137	2	0.065	4.3	0.063	0.13	0.16
BAR19008	NSR							
BAR19009	28	29	1	0.17	<0.5	0.019	<0.01	0.035
	54	55	1	0.17	<0.5	0.01	<0.01	<0.01
	279.2	279.8	0.6	<0.01	4	<0.01	0.1	0.1

Note: NSR = No Significant Results.

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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.*	• New assay results and related comments in the body of this report relate to drill holes BAR19001 to BAR19009 from the Cringle Prospect and the Kia Ora West Prospect. • Sampling taken from a 5 ½ inch hammer for reverse circulation (RC) drill chips and from HQ3 diameter diamond core. • The drill sizes employed are considered appropriate to indicate the degree and extent of mineralisation for exploration drilling. • RC samples collected on 1 metre drilled intervals and were split through a Rifle splitter mounted below the cyclone. The cyclone deposited a bulk sample into a plastic retention bag and 2 sub-samples into 2 calico bags. The reported RC assays all correspond to 1 metre primary calico bag samples. • Diamond core samples were visually assessed and sampled from 0.4 metre to 1.3-metre-wide intervals, depending on geology. • Core samples were split with a core saw and half core samples were submitted for analysis. • Each samples represents approximately 2 kilograms of material. • Sample intervals not reported in this report are considered immaterial. • QAQC of sampling and lab method were employed. Industry certified reference material standards were inserted at a rate of 1 in every 25, blank material inserted at a rate of 1 in every 50 and field split duplicates inserted at a rate of 1 in every 50. • All samples were analysed at ALS in Orange for gold by fire assay, Au-AA25 (30g charge) and for multi-elements by ME-ICP61 (0.25g charge).

Criteria	JORC Code explanation	Commentary
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).*	• Drilling contractor Budd Drilling were contracted for services for all holes reported. • RC drilling employed a 5 ½ inch hammer while diamond coring was utilized at HQ3 diameter core. • The cored portions of drilling have been oriented for structural logging.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No diminished sample recoveries were noted for either RC or diamond drilling. • Ground conditions were deemed suitable for the type of drilling; however, triple tube diamond coring recovery was undertaken for ultimate sample recovery and representivity. • There is no apparent relationship between sample recovery and grade of mineralisation intersected.
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.*	• Geological logging of core and RC has been conducted by Company geologists with sufficient experience in logging. • The entire length of each drill hole has been logged in detail. • Drill core has been oriented where possible and structural data have been recorded. No geotechnical data have been collected apart from specific gravity. • Geological logging is qualitative. Photography has been taken for diamond core and RC chip trays.
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.*	• Diamond core was cut using a core saw and half core sent for analysis. • RC samples were Rifle split beneath the cyclone and sampled dry wherever possible. The cyclone/splitter system is checked periodically throughout each hole and cleaned when necessary. • The sample preparation is considered appropriate for the style of mineralisation encountered. • Logging of the drill core was conducted to sufficient detail to maximise the representivity of samples when determining intervals. • Duplicate samples were inserted from the RC drilling at a rate of 1 in every 50, as a duplicate split of the primary sample. Duplicates were inserted at appropriate intervals for diamond sampling based on visual assessment.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibration factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Samples dispatched to ALS Laboratories in Orange, NSW for sample preparation by crushing and pulverising. Samples then undergo 33 element analyses by 4 acid digestion using method ME-ICP61 and by fire assay method Au-AA25 for gold. Industry approved standard samples are inserted to check for quality control at the lab. • Analytical methods are considered appropriate to provide an evaluation for regional exploration works.
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.*	• 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 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.
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.*	• Drill collars are surveyed with a hand-held GPS unit which has an accuracy to around 3m. • Coordinates are MGA Zone 55 (GDA94). • Downhole orientation surveys conducted by Budd Drilling at an interval of every 50 metres using a Reflex EZ single shot camera. • The terrain includes steep hills and ridges with a topographical model derived from government provided LIDAR data sourced from the ELVIS portal.
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 and reconnaissance based on coincident geological, geophysical and geochemical targets. • The Barabolar Project area is extensive and drill spacing at this stge is consistent with existing surface data.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drill orientation was designed to intersect the projection of lithology and structure based on surface mapping. • The orientation of mineralisation at Cringle is determined to be steeply dipping variously to the south and north.
Sample security	• *The measures taken to ensure sample security.*	• All samples bagged on site under the supervision of senior geologists and field hands with sample bags tied with cable ties before being driven by site personnel to the ALS laboratory in Orange, NSW (~200km from the site)
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Data and sampling reviewed by Darren Holden of GeoSpy Pty Ltd, an advisor to the Company. • The drilling campaign and drill work includes on-going internal auditing with advice taken on process from external advisors.

Section 2 Reporting of Exploration Results

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

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

Criteria	JORC Code explanation	Commentary
		previous releases (refer presentation 24/08/2018).
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Barabolar Project consists of Ordovician age volcanics and sedimentary rocks intruded by several granitic, dacitic and dioritic intrusions. The ages of the intrusions are interpreted at between Ordovician and Carboniferous age, although some may be younger. • Mineralisation includes vein hosted peripheral epithermal quartz sulphide veins and breccia fill quartz carbonate veins.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar;* o *elevation or RL (Reduced Level elevation above sea level in metres) of the drill hole collar;* o *dip and azimuth of the hole;* o *down hole length and interception depth; and* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• All information is included in Appendix 1 of this report.
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.*	• The weighted average assay values of the mineralized intervals were calculated by multiplying the assay of each drill sample by the length of the sample, adding those values and dividing the sum by the entire downhole length of the mineralized interval. • Data has not been cut. No metal equivalents reported.
Relationship between mineralisatio	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole*	• Drilling was designed to test the interpreted position of modelled mineralisation at depth. Logging indicates that drillholes were placed in a favorable orientation for testing the targeted structures.

Criteria	JORC Code explanation	Commentary
n widths and intercept lengths	*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 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 samples collected from the recent program shown in appendix 1.
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 ongoing exploration work designed to further define the broad hydrothermal system within the Barabolar Project area.

+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	30 June 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	19	158
1.2	Payments for		
	(a) exploration & evaluation	(1,380)	(3,588)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(489)	(1,822)
	(e) administration and corporate costs	(353)	(1,555)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	14
1.5	Interest and other costs of finance paid	(18)	(21)
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**	**(2,218)**	**(6,163)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(35)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	(30)	(1,119)

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	-	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**	**(30)**	**(1,095)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	2,850	6,696
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	(197)	(528)
3.5	Proceeds from borrowings	-	1,010
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(18)
3.8	Dividends paid	-	-
3.9	Other (transfer for June capital raising)	-	-
3.10	**Net cash from / (used in) financing activities**	**2,653**	**7,160**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	228	731
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,218)	(6,163)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(30)	(1,095)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,653	7,160
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period****	**633**	**633**

** Subsequent to the end of the quarter, the Company completed a share placement to institutional, professional and sophisticated investors raising $2.75 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	633	228
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)**	**633**	**228**

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	179
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.

Westpac bank unsecured facility with variable interest rate at 4.06%

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	750
9.2	Development	-
9.3	Production	-
9.4	Staff costs	300
9.5	Administration and corporate costs	250
9.6	Other (Other assets)	-
9.7	**Total estimated cash outflows**	**1,300**

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: 31 July 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.