

8 April 2020Company Announcement Officer
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Bowdens Silver Exploration Drilling Update

HIGHLIGHTS

Bowden Silver Project, New South Wales

- Drill results received for the first deep hole of the 2020 Exploration Program located 400m west of the main Bowdens Silver Project.
- Results include a broad envelope of anomalous base-metal sulphide mineralisation:
 - **298.15 metres @ 0.60% zinc, 0.14% lead and 7.05g/t silver, from 421 metres depth including a higher-grade zone of:**
 - **142.4 metres @ 1.00% zinc, 0.17% lead, 9.95g/t silver and 0.08g/t gold from 561.6 metres including:**
 - **19 metres @ 2.02% zinc, 0.41% lead, 24.4g/t silver and 0.30g/t gold from 602 metres.**
- The Bowdens mineral system confirmed to be extensive at depth while remaining open to the west.
- Deep drill program is continuing.

NSW New Frontiers Cooperative Drilling Grant

- The Company selected as a preferred applicant under the NSW New Frontiers Cooperative Drilling Initiative for the Bowdens Regional Exploration Drilling program.
- The Company to receive up to \$200,000 for the current drilling program.

Introduction

Silver Mines Limited (ASX:SVL) (“Silver Mines” or “the Company”) is pleased to report that it has received laboratory assay results from the first drill hole, BD20001, of its 2020 deep exploration drilling program at the Bowdens Silver Project, located near Mudgee in New South Wales, Australia.

Hole BD20001 intersected widespread sphalerite (zinc iron sulphide), galena (lead sulphide) and silver mineralisation, including zones with appreciable gold mineralisation. Mineralisation was intersected in the sedimentary Coomber Formation, which underlies the Rylstone Volcanics—the main host to Bowdens Silver Project. This drill hole represents a significant step-out from the Bowdens Silver project Mineral Resource.

BD20001

BD20001 intersected widespread mineralisation including sulphide supported breccia, quartz and semi-massive sulphide veins and stringer to disseminated sulphides. Significantly, the results of this hole indicate the potential for mineralised zones of higher grade within a large mineralised envelope.



Figure 1. Semi massive sphalerite-pyrite veins and stringers overprinting quartz within silicified shale (~640m).

The pervasive zinc mineralisation is mainly hosted in the hanging and footwall shale and siltstone horizons of the Gully Fault, which is considered as the main conduit for mineralisation from an inferred intrusive source. The mineralisation surrounding the Gully Fault includes gold grades up to 3.09g/t over one metre and extends mineralisation some 400 metres from the Bundarra Zone beneath the main Bowdens Silver Deposit. The intersection of the broader Bowdens system at such a large step out is considered highly encouraging and validates existing structural models.

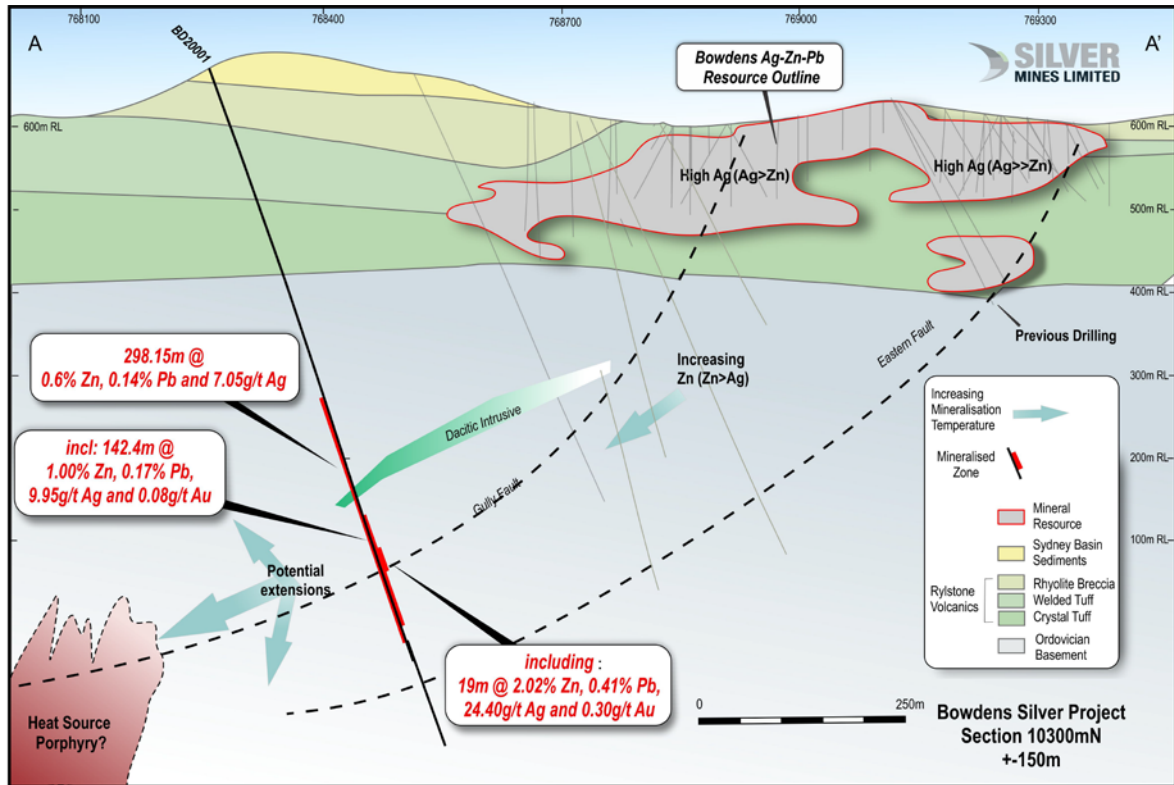


Figure 2. Cross-section of BD20001, view north-northwest.

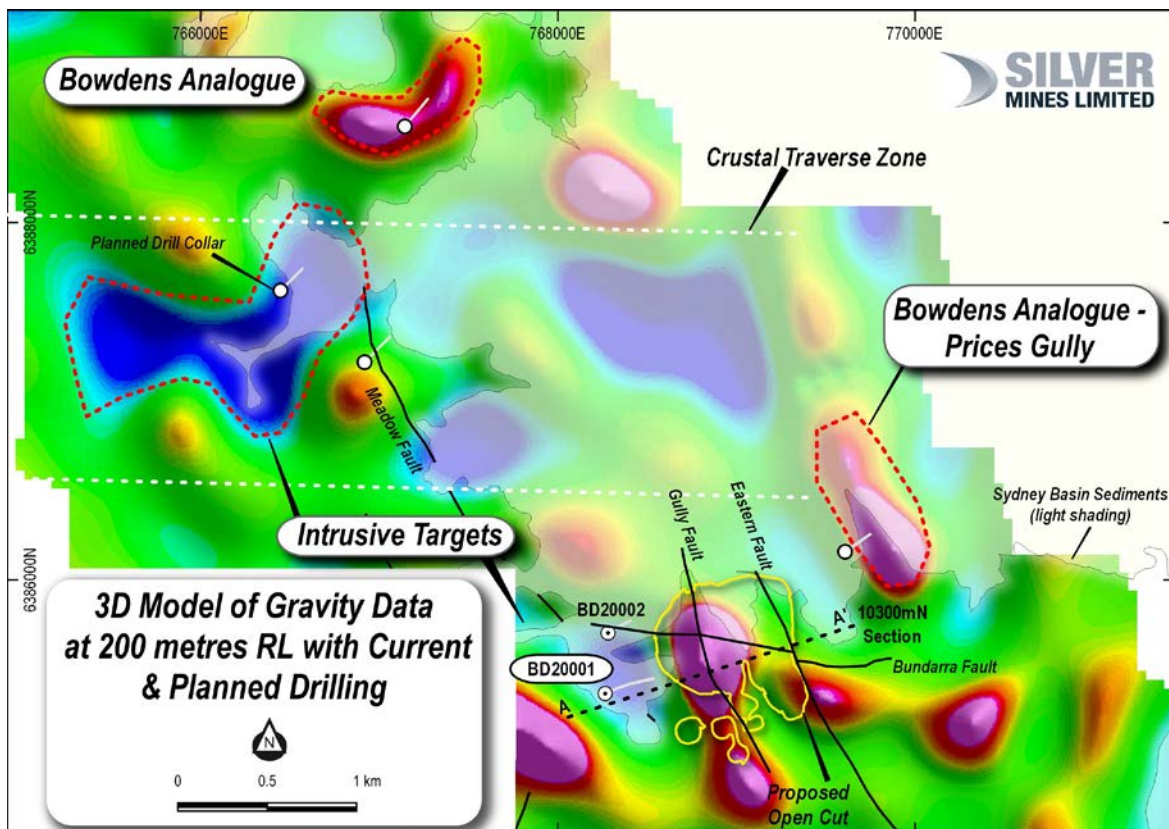


Figure 3. Map view of gravity model showing location of current drilling.

BD20001 was designed to test a distinct gravity low adjacent to the Bowdens Silver deposit, and while narrow porphyritic dykes were intersected, the gravity low appears to be a result of contrasting depths of iron and metal enrichment within the Rylstone and Coomber formations.

When compared to drilling beneath the Bowdens deposit, BD20001 has a greater intensity of silica alteration, pervasive iron rich sphalerite mineralisation and accessory silver with galena. In addition, appreciable gold mineralisation is hosted in steeply dipping veins. These combined observations indicate that the temperature when minerals were deposited increases to the west. The fault-control on mineralisation in this area also provides a further high-grade target to the north, where the Gully Fault is projected to intersect the Bundarra Fault. As the system remains open to the north, south and west of BD20001, the Company intends to continue to step out to explore for an intrusive source and structurally controlled high-grade base and precious metal mineralisation.



Figure 4. Left Image: sphalerite, galena and pyrite in matrix of breccia (~695m). Right image – black sphalerite in quartz vein (~699m depth)

On-going program

The 2020 deep drilling program at Bowdens is continuing. A second hole, BD20002, has been completed to test a 200+ metre step-out to the west of the NW high-grade zone (refer releases dated 31 July 2017 and 22 June 2018). Whilst assays are pending, BD20002 intersected several zones of fracture fill sulphide mineralisation at the expected target depths. Sulphides, however, are dominated by pyrite (iron sulphide) rather than base-metal sulphides. A third hole, BD20003 is currently underway and is testing the Prices Gully target area located one kilometre northeast of Bowdens, where gravity data combined with targeting from the Company's research and development programs, has indicated the potential for Bowdens style mineralisation (Bowdens Analogue).

The Company is currently modelling data from BD20001 with the intention of targeting further step out drilling in the west Bowdens area.

NSW New Frontiers Cooperative Drilling Round 3 Grants

The Company has been successful in the application for funding under the NSW New Frontiers Cooperative Drilling Round 3 and will receive up to \$200,000 as reimbursement for direct drilling costs incurred during the program. The application presented an integration of multiple technical data methods used by the Company to target source porphyry intrusives to the Bowdens Silver System.

The \$200,000 grant forms part of the \$2.2 million in funding grants budget announced by the NSW government in 2019.

The Bowdens Silver Regional Exploration drilling program represents greenfield exploration. The program test hypotheses generated by the Company during Research & Development work.

About the Bowdens Silver Project

The Bowdens Silver Project is located in central New South Wales, approximately 26 kilometres east of Mudgee (Figure 5). The consolidated project area comprises 2,007 km² (496,000 acres) of titles covering approximately 80 kilometres of strike of the highly mineralised Rylstone Volcanics. Multiple target styles and mineral occurrences have potential throughout the district including analogues to Bowdens Silver, high-grade silver-lead-zinc epithermal and volcanogenic massive sulphide (VMS) systems and copper-gold targets.

Bowdens Silver is the largest undeveloped silver deposit in Australia with substantial resources and a considerable body of high-quality technical work already completed. The projects boast outstanding logistics for future mine development.

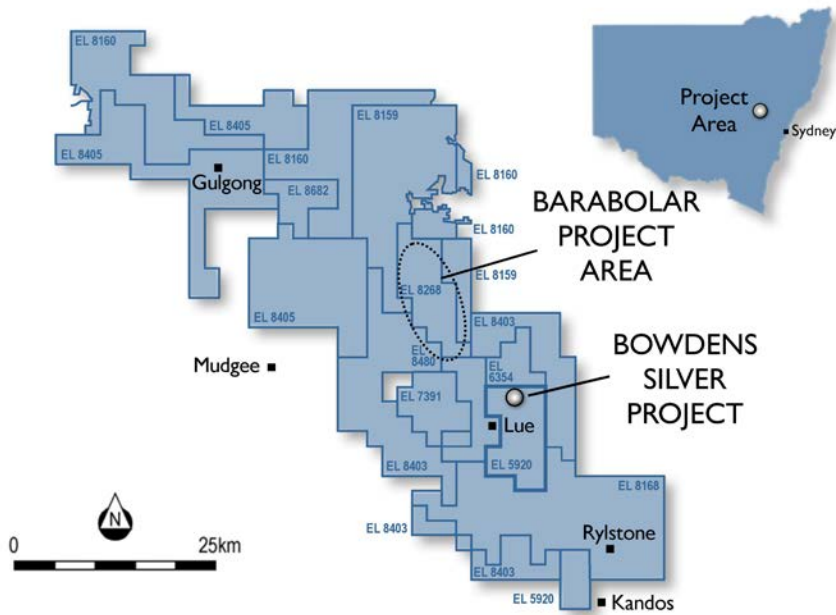


Figure 5. Silver Mines Limited tenement holdings in the Mudgee district.

Further information:

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Competent Persons Statement

The information in this report that relates to mineral exploration from the Bowdens Silver Project is based on information compiled by the Bowdens Silver team and reviewed by Darren Holden who is an advisor to the Company. Dr 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). Dr Holden consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Table 1. Drill collar locations.

Target	Hole ID	GDA94 East	GDA94 North	RL (m)	Dip	Azimuth (grid)	Depth (m)	Drill Type	Comment
West Bowdens	BD20001	768264	6385364	672	-70	65	858.7	Core	Assays received
NW High-Grade Zone	BD20002	768280	6385703	671	-70	60	462.9	Core	Assays pending
Prices Gully	BD20003	769600	6386161	625	-68	54.6	228.7	Core	Hole underway

Table 2. Significant assays from drilling of hole BD20001.

Hole ID	From	To	Interval	Zinc (%)	Lead (%)	Silver (g/t)	Gold (g/t)
BD20001 ⁽¹⁾	421	719.15	298.15	0.60	0.14	7.05	0.06
including ⁽²⁾	561.6	704	142.4	1.00	0.17	9.95	0.08
& including ⁽³⁾	602	621	19	2.02	0.41	24.40	0.30

⁽¹⁾ Intercept calculated based on 0.5% combined lead zinc cut-off and 30 metres maximum internal dilution

⁽²⁾ Intercept calculated based on 0.5% combined lead zinc and 5 metres maximum internal dilution.

⁽³⁾ Intercept calculated based on 1.5% combined lead zinc and 4 metres maximum internal dilution.

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Sampling taken continuously downhole from PQ, HQ and NQ diameter diamond core. PQ size core – all samples taken as nominal 1 metre intervals, or as otherwise defined by logged geology intervals, from quarter cut core. HQ and NQ core – all samples taken as nominal 1 metre intervals, or as otherwise defined by logged geology intervals, from half cut core and from the same side of the core where downhole orientations permit. Samples vary in weight but are generally between 2 and 4 kilograms of material. Each sample was sent for multi-element assay using ICP technique (ME-ICP61) with the entire sample pulverized and homogenized with a 25g extract taken for assay. Each sample was also sent for gold using fire assay technique (Au-AA25) with a 30g sample taken for assay. Assays are considered representative of the sample collected.
Drilling techniques	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> Diamond drilling undertaken using PQ, HQ and NQ diamond core rig with triple tube used. All core, excluding PQ size, where unbroken ground allows, is oriented by drilling team and an orientation line drawn along the base of the hole.
Drill sample recovery	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Core recovery is estimated at greater than 98%. Some zones, (less than 5%) were broken core with occasional clay zones where sample loss may have occurred. However, this is not considered to have materially affected the results.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • No significant relationship between sample recovery and grade exists.
Logging	<ul style="list-style-type: none"> • <i>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.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • All diamond core is logged using lithology, alteration, veining, mineralisation and structure, including geotechnical structure. • All core is photographed using both a wet and dry image. • In all cases the entire hole is logged by a geologist.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core were taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>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.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Minor selective sub-sampling based on geology to a maximum size of 1.3 metres and a minimum of 0.3 metres. • 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. • For HQ and NQ core, the half 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.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>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.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • Samples dispatched to ALS Global in Orange NSW for sample preparation and analysis. Some sample batches were then on shipped to ALS Global in Adelaide due to the high volume within the Orange Lab. • Site standards and blanks are inserted every 20 samples, and duplicates every 50 samples to check quality control. Laboratory standards and blanks are inserted every 25 samples.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Significant intersections calculated by Bowdens Silver geologists. All geological logging is entered digitally before inputting into a Maxwell Geoservices database schema. Primary assay data is sent electronically from the laboratory 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The collar position is initially surveyed using hand-held GPS with accuracy of +/- 3 metres. Down hole surveys collected every 30 metres using an electronic downhole reflex survey camera, with a 6 metres multi shot completed at the end of the hole. The terrain includes steep hills and ridges with a digital elevation model derived from a combination of locally flown LIDAR and publically available point cloud data. All collars recorded in MGA94 zone 55.
Data spacing and distribution	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> This drilling relates to regionally generated exploration targets defined by a combination of technical datasets. Drilling is not defined to a set spacing.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Drill orientation was designed to intersect the projection of the major structural controls to the Deposit. An interpretation of the mineralisation has indicated that no sampling bias has been introduced.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> All samples bagged on site under the supervision the senior geologist with sample bags tied with cable ties before being driven by site personnel to the laboratory in Orange, NSW (~200 kilometres from

Criteria	JORC Code explanation	Commentary
		the site)
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Bowdens Resource is located wholly within Exploration Licence No 5920, held wholly by Silver Mines Limited and is located approximately 26 kilometres 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 EL5920 The project has a 0.85% Gross Royalty over 100% of EL5920.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> The Bowdens project was previously managed by Kingsgate Consolidated and Silver Standard Ltd, however the new results under this table is based on work conducted solely by Silver Mines/Bowdens Silver.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The Bowdens Deposit is a low sulphidation epithermal base-metal and silver system hosted in Permian aged 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 several vein orientations within the broader mineralised zones including some areas of stock-work veins. The mineralisation reported in this release is hosted in the Ordovician Coomber Formation (sediments) which unconformably underlie the main Rylstone Volcanics. Whilst the style of mineralization varies to

Criteria	JORC Code explanation	Commentary
		<p>the Bowdens mineral resource, the mineralization reported in this report is believed to be inherently related to Bowdens and represents a higher-temperature zone.</p>
<p>Drill hole Information</p>	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ 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. 	<ul style="list-style-type: none"> • All information is included in Appendix 1 of this report
<p>Data aggregation methods</p>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Intersection calculation are weighted to sample length. The average sample represents 1 metre of drill core. • Reported intersections are based on a cut off of zinc equivalent with three reported intersections of varying cut-off and internal dilution factors as noted. • The broad low-grade mineralized enveloped is reported based on 0.5% combined zinc and lead cut-off and 30 metres maximum internal dilution. The mineralisation hosted primarily in the shales and siltstones either side of the Gully Fault are based on a 0.5% combined zinc and lead cut-off and 5 metres maximum internal dilution. The higher grade mineralisation located proximal to the Gully Fault is based on 1.5% combined zinc and lead cut-off and 4 metres maximum internal dilution. • No top cutting of data or grades was undertaken in the reporting of these results.
<p>Relationship between mineralisation</p>	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole 	<ul style="list-style-type: none"> • Mineralisation is both stratabound and vein hosted. The stratigraphy dips moderately to the north within the volcanics and moderately to the west in the basement units, while the majority of mineralised veins

Criteria	JORC Code explanation	Commentary
<i>n</i> widths and intercept lengths	<p><i>angle is known, its nature should be reported.</i></p> <ul style="list-style-type: none"> <i>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').</i> 	dip west. Some individual veins intersected were sub-parallel (~10 degrees to core axes). The drilling width is estimated to be 100 to 120% of true-width for stratabound mineralisation.
Diagrams	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> Maps and cross sections provided in the body of this report.
Balanced reporting	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> All results received and compiled to date are reported in this release. Drilling is on-going with further results expected.
Other substantive exploration data	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> This report relates to drill data reported from this program.
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> This report relates to a drill program that is designed to test regionally significant intrusive and epithermal targets around the Bowdens Silver Deposit. Drilling is on-going with further results pending.