

12 October 2020Company Announcement Officer
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Drilling commenced at Tuena Gold Project

HIGHLIGHTS

Tuena Gold Project, New South Wales

- 4,000 metres of reverse circulation (RC) drilling has commenced.
- The program represents first comprehensive drilling at the historic Tuena Gold Field.
- Both McPhillamys style bulk-tonnage gold targets and high-grade gold targets associated with historic workings to be tested.
- Deeper diamond drilling permitted to follow up on results.
- Initial results expected in late October and with the balance through 4th quarter 2020.

Introduction

Silver Mines Limited (ASX:SVL) (“Silver Mines” or “the Company”) is pleased to provide an update on exploration activities commencing at the Tuena Gold Project, located 80 kilometres south of the city of Orange in New South Wales (refer to Figure 1).

Government and land holder approvals have been completed and the drilling of a 20-hole 4,000 metre drill program has commenced (refer to Figure 2). Deeper diamond drilling to follow up on positive results received.

The Tuena Gold Project has had very little exploration completed in the modern-era and the planned drilling campaign represents the first comprehensive drill investigations at the Tuena Gold Field.

Tuena Drill Program

The Tuena area was the scene of a historic gold rush, with gold extracted from narrow high-grade gold reefs over greater than 5 kilometres of strike length. The Company has completed reconnaissance mapping, rock sampling and soil geochemistry; as well as flown a detailed magnetic survey. The Company has defined >15 individual zones with anomalous gold in soil sampling associated with historic workings. Rock samples have also returned highly

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anomalous gold results at Peeks Reef (up to 76.4 g/t Au in rock sampling), Cooper & McKenzie and the Eastern Prospects (refer release dated 23 October 2019).

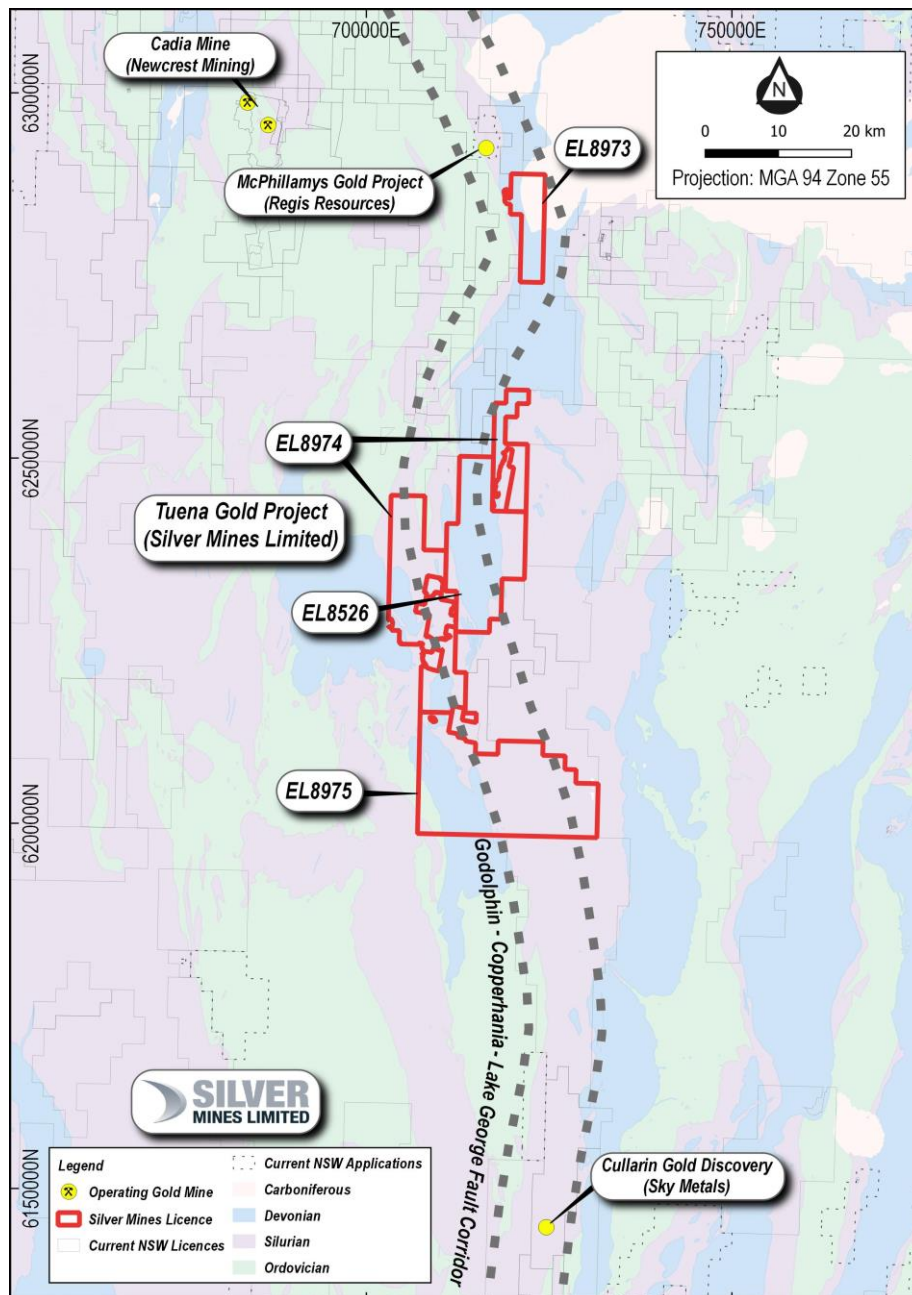


Figure 1: Tuena Gold Project regional setting.

The 4,000 metre drill program is designed to test beneath several of the historic hard-rock gold workings and associated geochemistry anomalies along an extensive 5.4 kilometre by 1.5-kilometre shear complex. In addition, two targets, at Lucky Hit South and Markham's Prospects, have been identified with both gold and base-metal pathfinder signatures. Both prospects adjoin historic workings at Lucky Hit and Markham's Hill respectively and are clearly defined by soil chemistry with anomalism of silver, bismuth, lead, tellurium and gold (refer release dated 19 May 2020). These targets are being tested for bulk-tonnage gold mineral

systems and have a comparable signature and scale to the McPhillamy's Gold Project (Regis Resources) located north of the Tuena Gold Project.

Initial drilling results are expected in late October with the balance through the 4th quarter 2020.

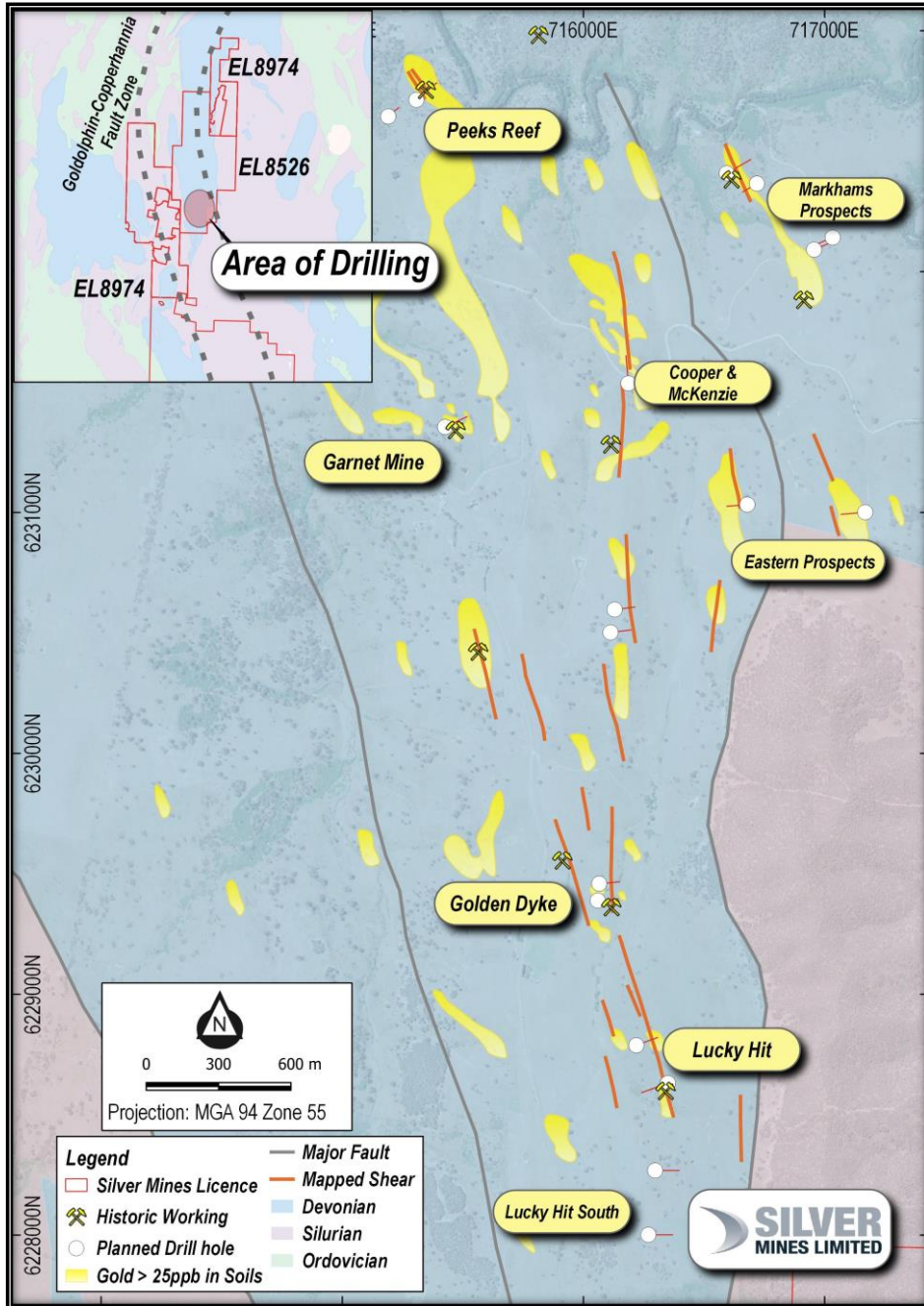


Figure 2. Tuena Gold Project planned drilling with regional insert.

About the Tuena Gold Project

The Tuena Gold Project is a regional exploration project that consists of a four exploration licenses covering 747 square kilometres. The project is 100% owned by Silver Mines Limited and is located in the Southern Tablelands of New South Wales, 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. 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 to the nearby McPhillamys Gold Deposit.

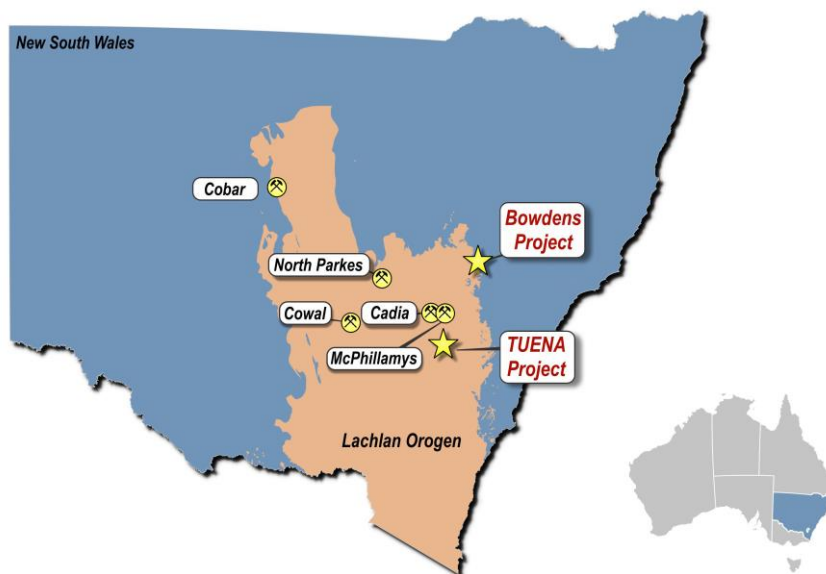


Figure 3. Silver Mines Limited project in the Lachlan Orogen.

This document has been authorised for release to the ASX by the Company's Managing Director, Mr Anthony McClure.

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Competent Persons Statement

The information in this report that relates to mineral exploration from the Tuena Gold 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.

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