

12 November 2020

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

Sale of Webbs and Conrad Silver/Polymetallic Projects, New South Wales

Silver Mines Limited (ASX:SVL) ("Silver Mines" or "the Company") is pleased to announce that it has entered into a binding term sheet with Thomson Resources Limited (ASX:TMZ) ("Thomson Resources") for the sale of its 100% interests in the Webbs Silver/Polymetallic Project ("Webbs") and the Conrad Silver/Polymetallic Project ("Conrads"), both located in the New England region of New South Wales.

Transaction

Thomson Resources will acquire 100% of the interests in the Webbs and Conrads projects along with associated information, cash security bonds and agreements by acquiring all the issued share capital in Webb Resources Pty Ltd and Conrad Resources Pty Ltd ("Sale Interest").

The Consideration for the Sale Interest shall comprise:

- (a) a non-refundable payment of A\$50,000 to be paid to Silver Mines within 5 Business Days of signing the binding Term Sheet;
- (b) a payment equivalent to the cash rehabilitation bonds in place at Completion and the replacement of any non-cash rehabilitation bonds (currently, the aggregate of both types of rehabilitation bonds is approximately \$269,000);
- (c) Share Consideration of 75,000,000 fully paid ordinary shares (with a current market value of approximately A\$5.7 million) in Thomson Resources escrowed for 12 months from the date of issue;
- (b) Option Consideration of 50,000,000 Options with an exercise price of \$0.124 per option, an expiry date of 3 years from the date of issue and vesting 12 months after the date of issue, and shall be issued on Completion;

Completion will be subject to a number of conditions precedent including:

- (a) Thomson Resources undertaking and being satisfied with reasonable due diligence on the Sale Interest, such due diligence being completed within 30 days from the date of binding Term Sheet ("Due Diligence Period");
- (b) Silver Mines undertaking and being satisfied with reasonable due diligence on Thomson Resources during the Due Diligence Period;
- (c) Approval, as required, from the ASX and shareholders of Thomson Resources to the issue of the equity part of the Consideration, including for the purposes of Listing Rule 7.1;

- (d) stand-still obligations;
- (e) any Ministerial approvals required.; and
- (f) a definitive formal agreement being entered into on or before 30 November 2020.

On an undiluted basis Silver Mines will hold an interest in Thomson Resources equating to approximately 19%. On Completion, Thomson Resources will appoint Silver Mines Managing Director Anthony McClure to the Board of Thomson Resources as a non-executive director.

Mr McClure commented:

“The Webbs and Conrad projects represent high-quality assets that have been a lesser focus for Silver Mines given our primary focus has been on developing the Bowdens Silver Project in New South Wales.

The concentrated effort that Thomson Resources will be able to afford these highly prospective assets will be particularly interesting and it is a great outcome for Silver Mines to be able to maintain exposure to them via an equity interest in Thomson Resources under the terms of the agreement.”

Further information can be viewed in the Thomson Resources ASX release of 12 November 2020.

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

Further information:

Anthony McClure
Managing Director
Silver Mines Limited
+61 2 8316 3997

Luke Forrestal
Associate Director
M+C Partners
+61 411 479 144