

To: Company Announcements Officer
Australian Securities Exchange

16th November, 2011

HIGH GRADE SILVER IN LATEST WEBBS DIAMOND DRILLING RESULTS - AMENDED

HIGHLIGHTS

- **DDH016 intersects:**
 - 4m @ 326g/t Ag, 0.3% Cu, 0.6%Pb and 3.3% Zn from 62m including 1m @ 832g/t Ag, 0.5% Cu, 0.4% Pb and 2.7% Zn from 65m.
 - **14m @ 1809g/t Ag, 1.6% Cu, 0.9% Pb and 6.8% Zn from 83m; including 3.5m @ 5786g/t Ag, 5.3% Cu, 0.6% Pb and 8.8% Zn from 83m including 1.0m @ >10000g/t Ag, 9.7% Cu, 0.5% Pb and 9.5% Zn from 85m**
- **DDH019 intersects:**
 - **7.3m @ 538g/t Ag**, 0.4% Cu, 1.9% Pb and 3.0% Zn from 40.7m; including 0.6m @ 2270g/t Ag, 2.1% Cu, 16.1% Pb and 4.9% Zn from 46.9m
- **DDH020 intersects:**
 - 14m @ 147g/t Ag, 0.2% Cu, 0.8% Pb and 3.4% Zn from 83m;
- All holes confirm width and robust high silver grade of mineralised zones as compared to previous RC holes
- Results from the diamond drilling will be incorporated into an updated resource model along with recent RC drilling. Diamond drill core will also be used for metallurgical testwork.

Silver Mines Limited (ASX:SVL, PLUS:SVLP) is pleased to announce that it has received results for three of nineteen recently completed diamond drill holes (DDH) at the Webbs Silver project. These DDH holes were designed to infill the previous reverse circulation (RC) drill pattern and to twin RC holes in order to assist in geological interpretation and add confidence to previous RC intersections. Drill core samples will also be used for metallurgical testwork. Results are summarised in Table 1.

Silver Mines CEO Charles Straw stated *"these results are again very pleasing, with some very high grade silver values intersected over considerable width, as expected. These results continue to demonstrate the presence of near surface high grade mineralisation at Webbs, and generally confirm the width and grade of the mineralised zone as interpreted from previous RC drilling. Importantly, the high grade silver mineralisation still remains open at depth where we anticipate being able to start drilling in early 2012"*.

RESULTS

DDH016

Diamond drill hole (DDH016) was designed to twin a previous reverse circulation hole (RC012). RC012 returned a down-hole intersection of **29m @ 771g/t Ag, 0.5% Cu, 0.5% Pb and 3.3% Zn** from 70m. The grade, width and location of this intersection was effectively confirmed by DDH016, which intersected **33m @ 735g/t Ag, 0.7% Cu, 0.4% Pb and 3.3% Zn** from 64.25m across the mineralised zone (see Figure 1). The intersection in DDH016 also included a zone of **14m @ 1809g/t Ag, 1.6% Cu, 0.9% Pb and 6.8% Zn** from 83m. This intersection was achieved using the same lower cut off parameters used to calculate the 29m intersection in RC012.

DDH016 intersected several zones of very high grade mineralisation, with a single 1m intersection reported as greater than 10,000g/t or 1% silver which forms part of a 3.5m zone averaging 5786g/t Ag. This zone is shown in Photo 1 extending from 83-86.5m. The mineralised material is represented by the purple to black material (sphalerite) occurring as veins, fracture and breccia fill with local quartz-carbonate veining. The silver and copper bearing mineral tetrahedrite occurs with the sphalerite.

The assay of >10,000g/t Ag in DDH016 was reported as such from the laboratory. Additional assaying is required to determine the exact silver content of this sample, with the sample being sent overseas.

Importantly the mineralised zone remains open at depth beneath RC012 and DDH016 (see Figure 1). The width and grade of this zone represents a high priority target for additional drilling.

DDH019 and 020

Diamond drillholes DDH019 and 020 were drilled as infill holes on the same cross section (see Figure 2). Both holes confirmed the width of the mineralised zone as indicated by previous RC drilling. DDH019 indicates good correlation of grade with adjacent holes DDH013 and RC013.

DDH020 was drilled between two previous RC holes. The width of the mineralised zone was confirmed. However the average intersection grade in DDH020 (13m @ 147g/t Ag) was lower than that intersected in adjacent holes by a factor of 3-5 (see Figure 2).

Figure 3 shows the latest DDH hole locations.

FUTURE PLANS

Processing of diamond core is continuing with more assays expected over coming weeks. Where possible these results will be incorporated into the updated resource estimate. Drill core will also be used to formulate metallurgical samples. Additional drilling at Webbs is planned and will test deeper targets as well as several near surface gaps in the existing drill pattern.

Please direct any queries regarding the content of this report to Charles Straw (CEO) on +61 2 9253 0900 or cstraw@silverminesltd.com.au.

Table 1. Diamond drilling: Hole details and intersections

Hole ID	MGA East	MGA North	Dip	Azi MGA	Hole Depth	From (m)	To (m)	Int# (m)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
DDH016	6751766	358879	-70	285	117.5	62	66	4	326	0.30	0.57	3.32
DDH016		incl.				65	66	1	832	0.53	0.41	2.70
DDH016						83	97	14	1809	1.63	0.93	6.84
DDH016		incl.				83	86.5	3.5	5786	5.27	0.63	8.79
DDH016		incl.				85	86	1	>10000	9.70	0.49	9.50
DDH016		incl.				92	92.6	0.6	3430	2.49	4.95	10.00
DDH019	6751778	358892	-50	285	57.4	40.7	48	7.3	538	0.40	1.95	3.04
DDH019		incl.				42.2	43	0.8	1940	0.82	1.29	7.53
DDH019		and				46.9	47.5	0.6	2270	2.12	16.2	4.89
DDH020	6751776	358898	-60	285	138.3	83	97	15	147	0.16	0.76	3.44
DDH020		incl.				91	92	1	509	0.44	0.21	4.61

All co-ordinates are in MGA grid.

Down-hole intersections are NOT true widths due to the geometry of the lodes and angle of intersection of the drill hole. True widths are estimated to be approximately 45% of down-hole interval in holes with dips of -55° and approximately 33% of down-hole intervals in holes with dips of -70°. Bulk intersections (shown in bold) are calculated using a 70g/t Ag lower cut-off allowing for up to 3m of internal dilution at <70g/t Ag. Higher grade intersections are calculated using a 500g/t Ag cut-off.

Sampling and Assaying

HQ diamond core samples are cut lengthways to produce half core. Samples are usually taken at 1m intervals or as geology dictates. Silver Mines have opted to utilise the services of ALS-Chemex (Brisbane), a globally respected company servicing the mining industry. Samples are dispatched by TNT Couriers from Glen Innes to ALS. Core is crushed to -6mm and a 1kg split is then pulverised to provide the assay pulp. Routine assaying is conducted by ALS Method ICP41 This is acid digest with an ICP-AES finish analysing for Ag, As, Bi, Cu, Fe, Pb, S, Sb, Sn, W and Zn. When elements exceed upper detections limits of 100ppm for Ag and 1% for Cu, Pb and Zn they are reanalysed by and appropriate ore grade acid technique (ALS method OG46). For silver above 1500g/t a gravimetric technique is used. Certified Standards and blanks are routinely submitted in each assay batch to monitor QA-QC.

Competent Person Declaration

The information in this Document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr David Hobby, consulting geologist to SVL, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hobby has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hobby consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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Cross Section 6751770N

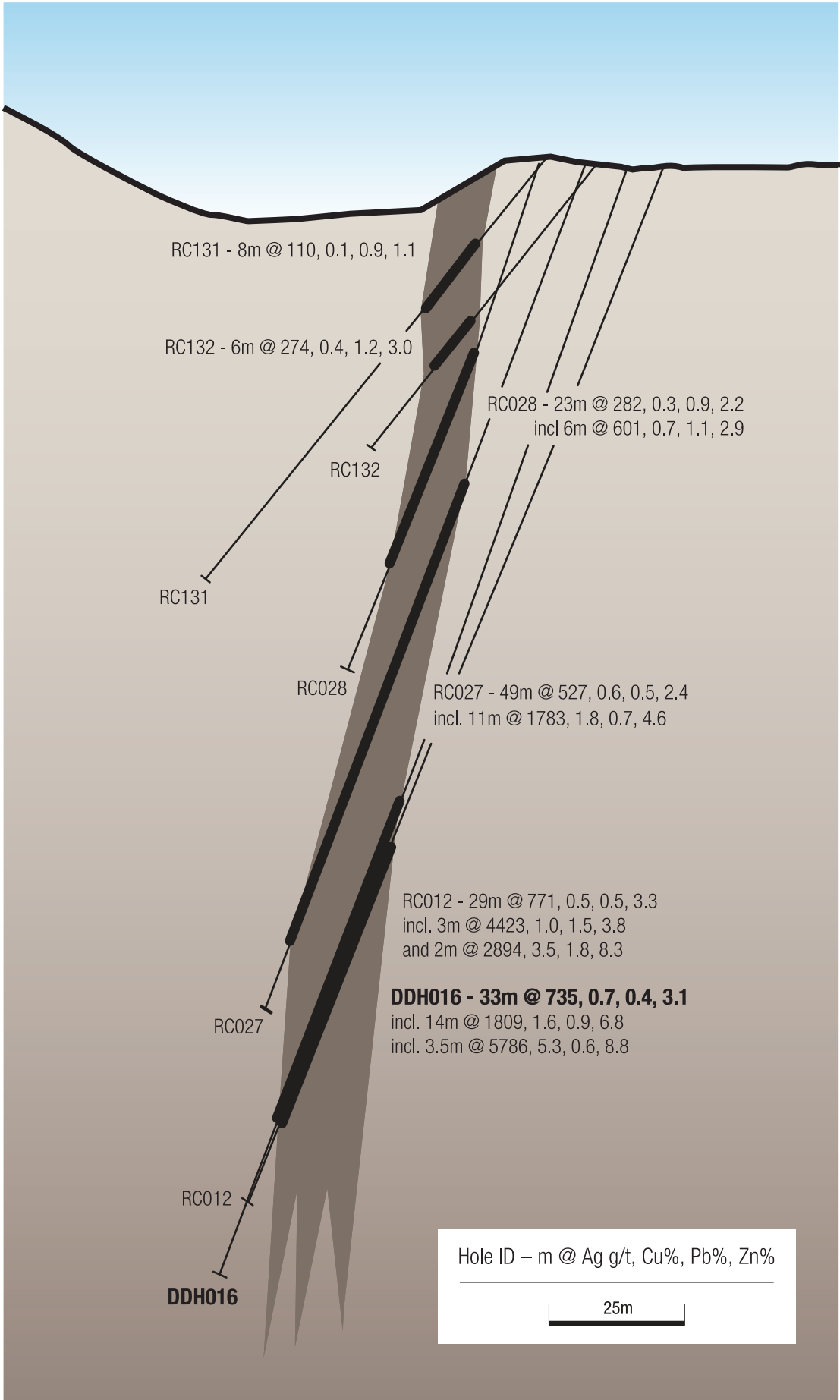


Figure 1

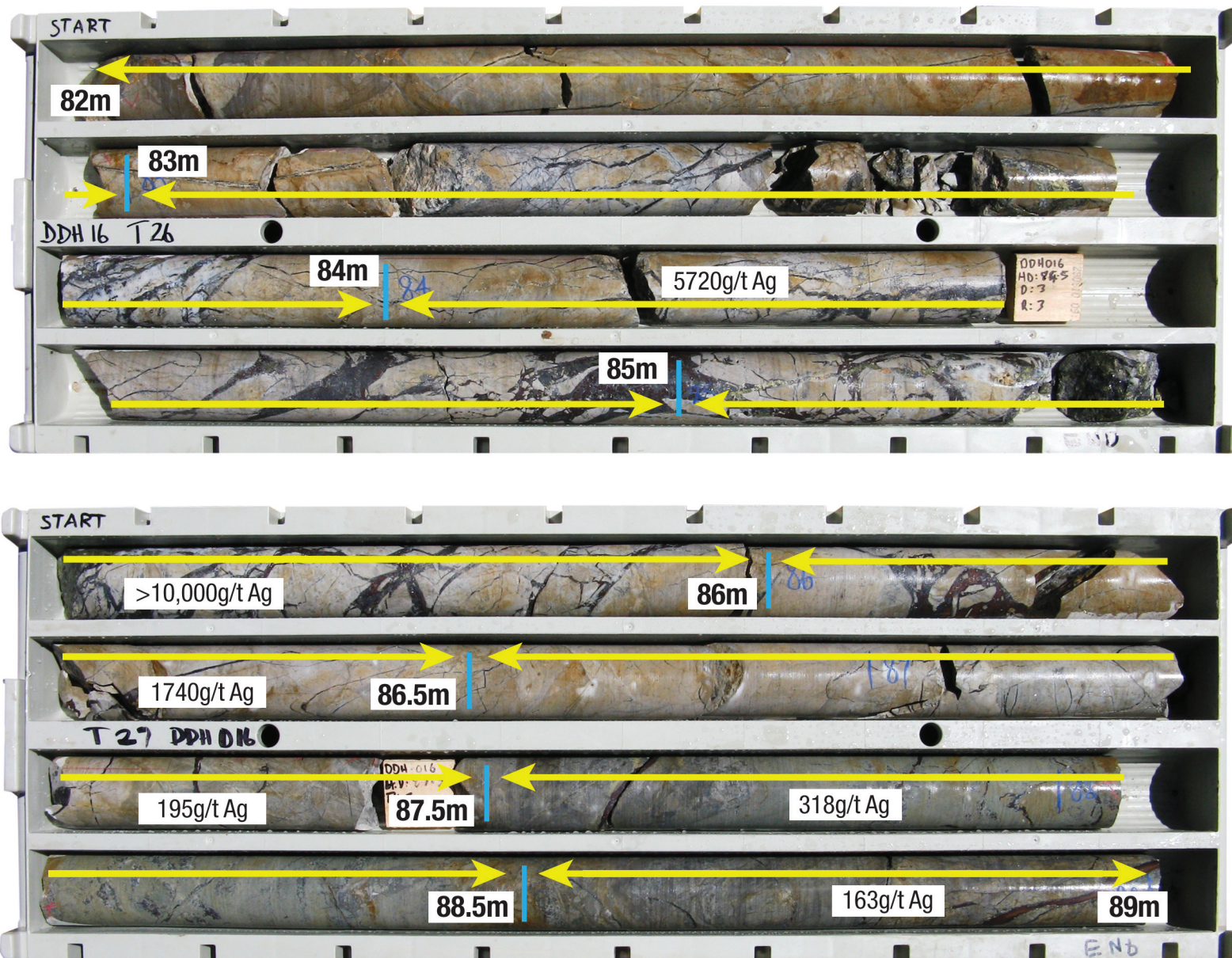


Photo 1 - DDH016 high grade silver zone depicted in core photograph

Cross Section 6751785N

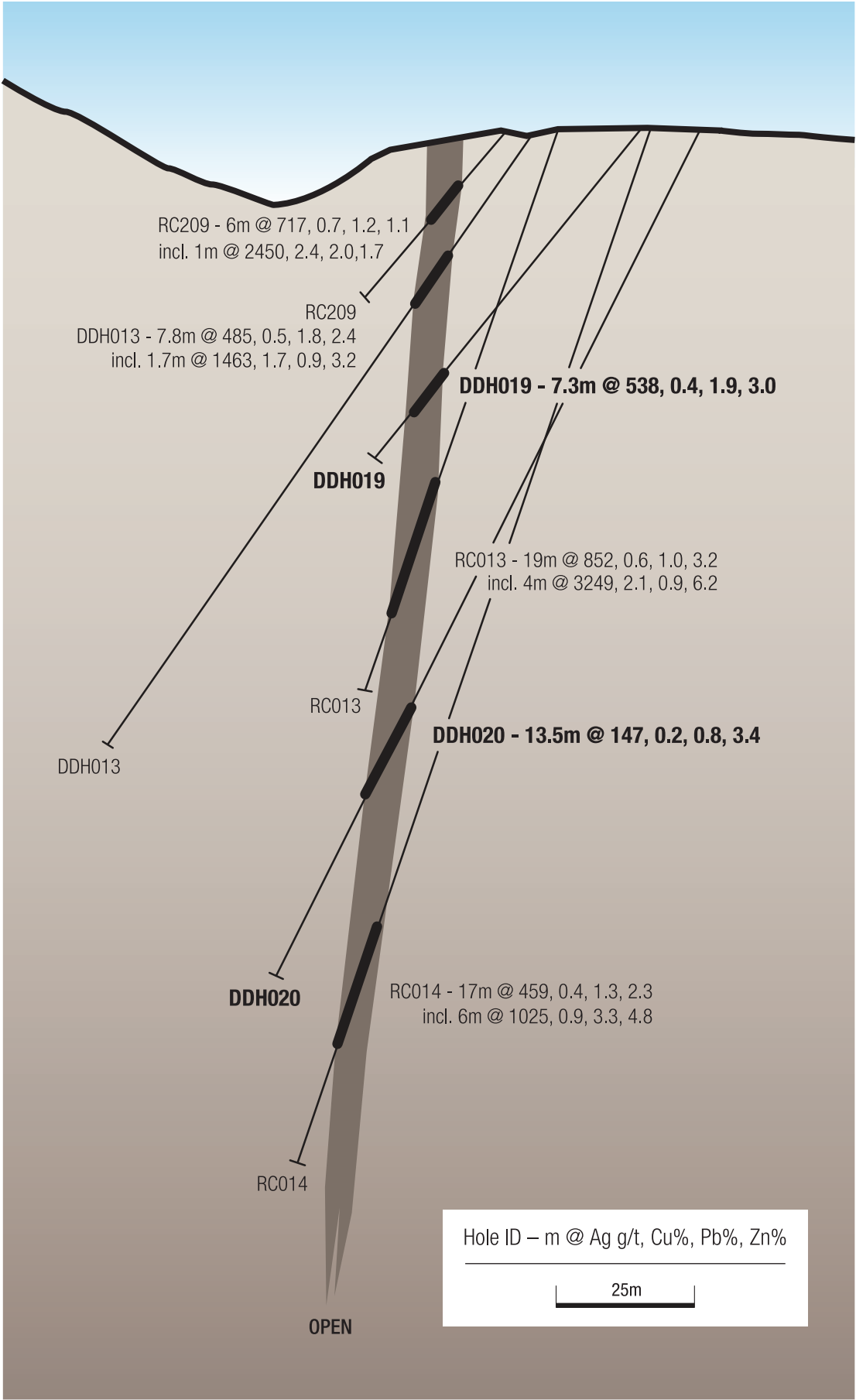


Figure 2



Figure 3 - Webb's Silver Project 2011 DDH Locations