



ANNUAL GENERAL MEETING 2011

 **SILVER**
MINES LIMITED

Introduction

This presentation contains forward looking statements that are subject to risk factors associated with mineral exploration. The information contained in this presentation is based on interpretations made by SVL's qualified professional technical staff and should be considered interpretive in nature. Further data collected in the future may alter the interpretations discussed here and thus the conclusions made may change.

Estimates relating to potential targets, including tonnage and grade, are conceptual in nature and there has been insufficient exploration to define a Mineral Resource as defined by the JORC Code and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

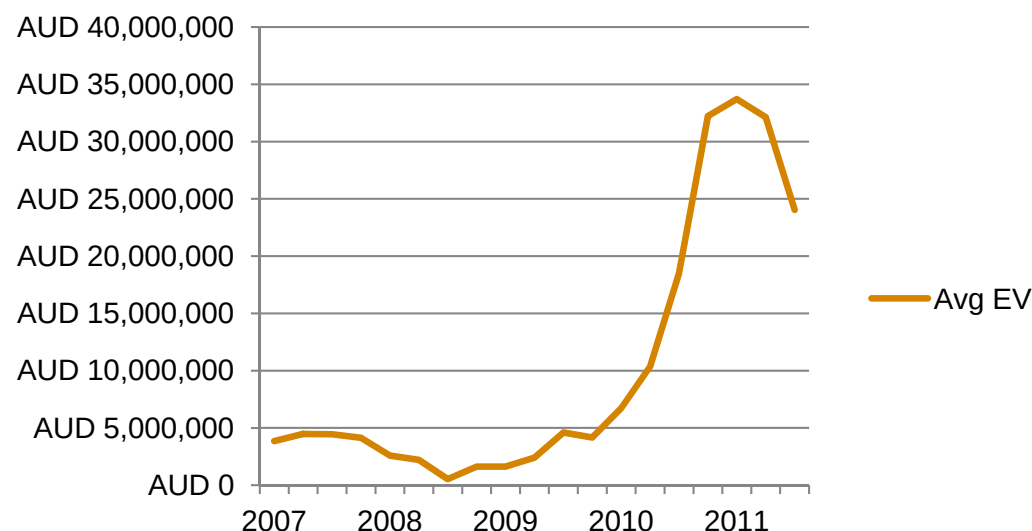
The information in this Document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Robin Rankin, who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and registered as a Chartered Professional Geologist (CPGeo). Robin Rankin is Principal Consulting Geologist and operator of the independent geological consultancy GeoRes. He 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' (the JORC Code). He consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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' 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.

Corporate Snapshot

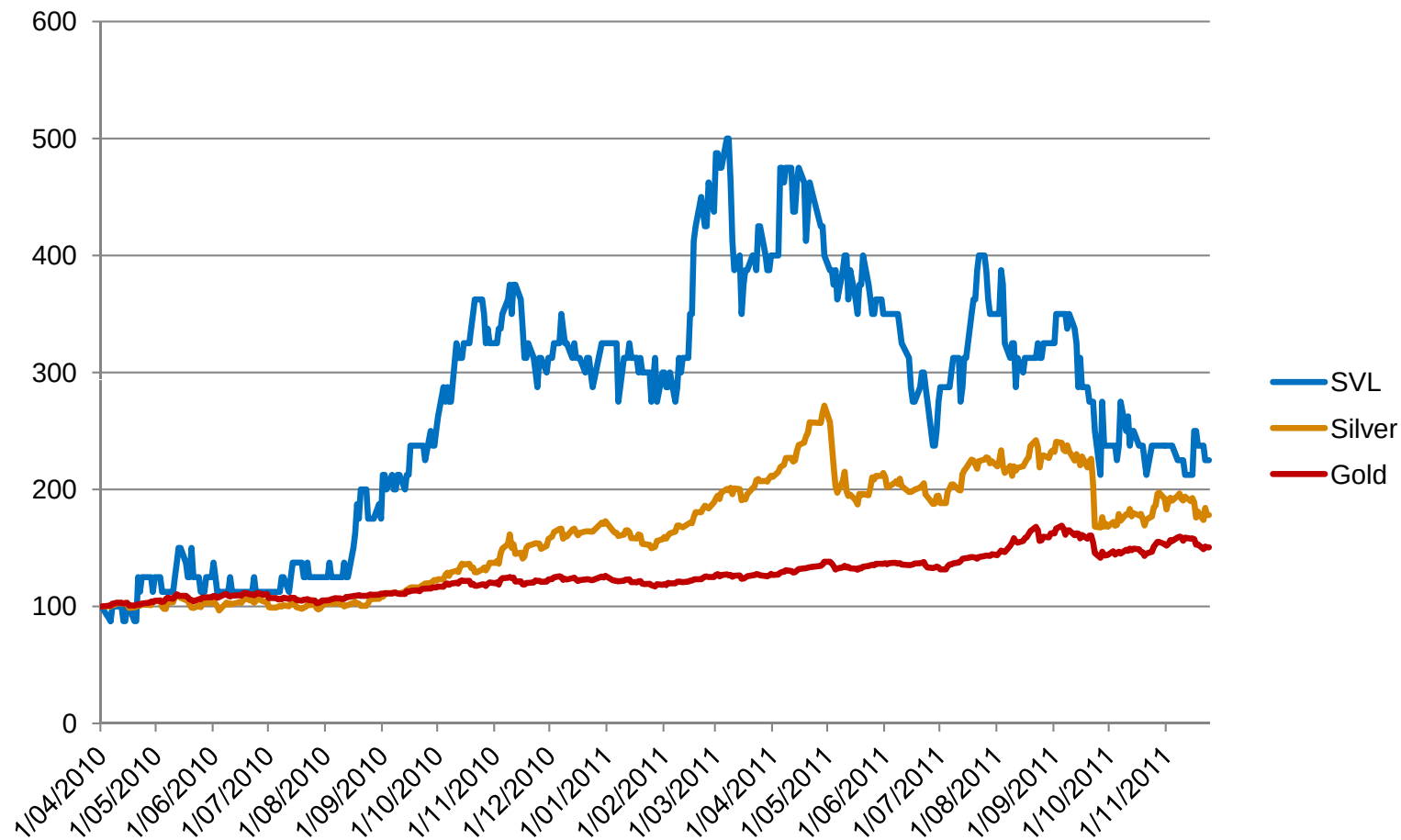
- Silver Mines Limited
(ASX:SVL, PLUS:SVLP)
- 136.1M Shares; 31.1m options
on issue (Nov 2011)
- Market cap: \$24.9 million
(at Nov 25, 2011, not-diluted
for options)

SVL Average Enterprise Value



- Share price 52 week high – \$0.40: 52 week low - \$0.175
- 1.6M in cash as at November 01, 2011
- Top 20 shareholders have 30%
- SVL share price closely linked to silver price
- Solid share liquidity with 2011 average daily trade of circa 500 000 shares at an average price of \$0.30

SVL vs Silver and Gold*



*Prices normalised

Silver Mines at a Glance

- Silver focused ASX listed exploration company – niche market
- Flagship project is the Webbs Silver Project in northeast NSW
- Webbs is currently the highest grade undeveloped silver project in Australia
- Current Webbs resource is 1.2Mt at 256 g/t Ag for 10.2M Oz
- Cash reserves and projected cash from option exercise sufficient for 2012 budget
- Strong local and international shareholder base
- Experienced, competent and dedicated Board and technical team driving projects

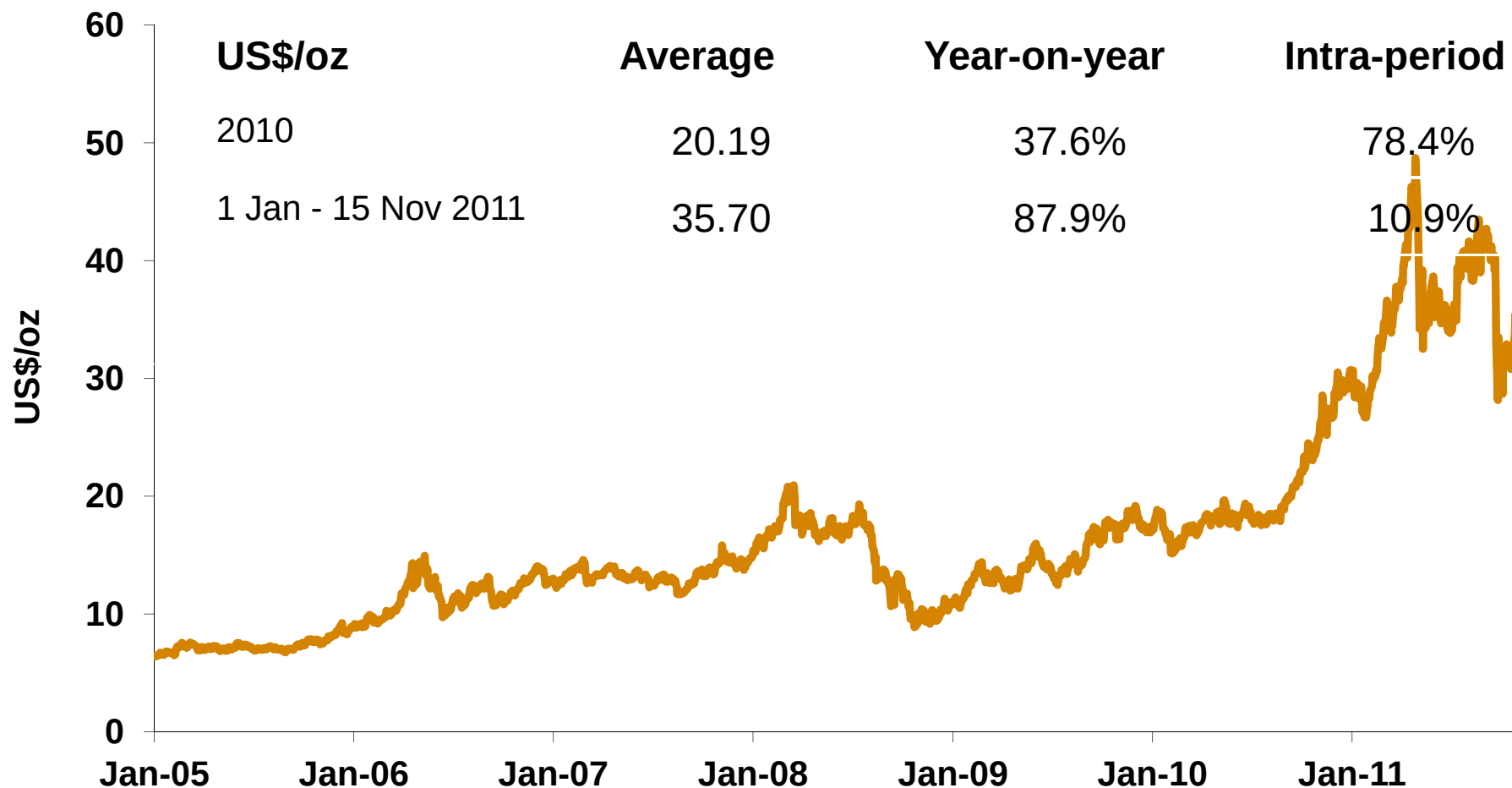
Silver Mines at a Glance - Exploration

- Successful exploration strategy delivering results
- Webbs remains main focus for growth
- 15,000 drilling program completed at Webbs during 2011
- Pre-feasibility metallurgical test work underway
- Resource upgrade underway – expected Dec 2011
- Highly prospective property suite in NSW focused on neglected silver deposits
- Regional targets drill ready north of Webbs
- Target generation underway on other NSW silver projects

The Silver Story

- Silver is both consumed as an industrial metal and hoarded as a precious metal, with an approximately 50/50 split between the two uses
- Investment in silver has shown a dramatic increase in the last 2 years and is seen as a major driver for future price growth
- Gold: Silver ratio has been declining rapidly in 2010/11, and is currently at 53:1, after reaching a low of 40:1 - the lowest level since 1983
- Positive price outlook as investor interest remains strong due to favourable financial backdrop and in spite of two major sell-offs this year
- Underlying secular growth in industrial demand continues, with much of this relatively price-insensitive, particularly in the short-run
- Little threat to prices from higher government sales or even gains in scrap supply

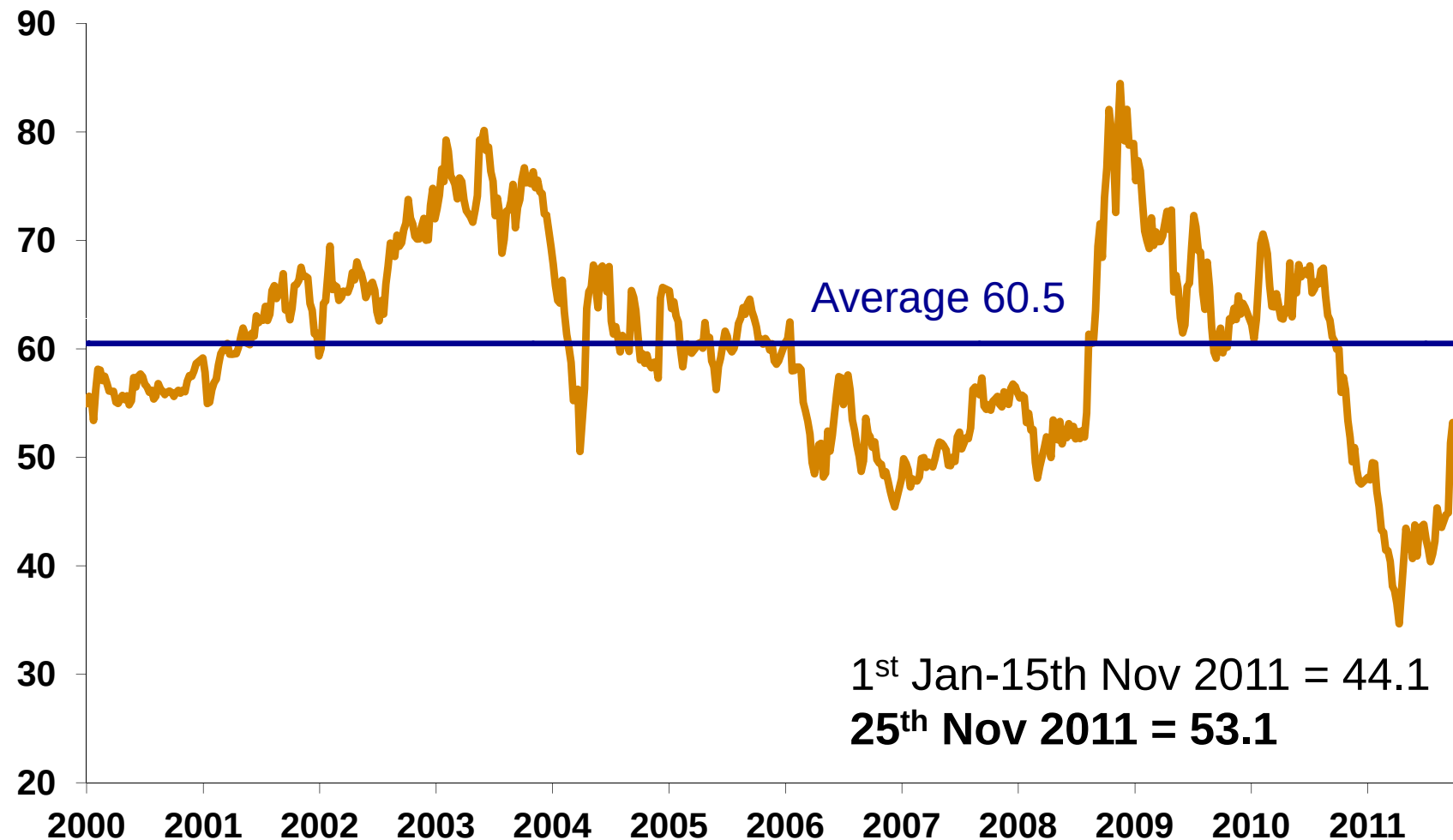
The Silver Price



Source: Thomson Reuters GFMS

Gold / Silver Ratio 2000 – 2011 – To Date

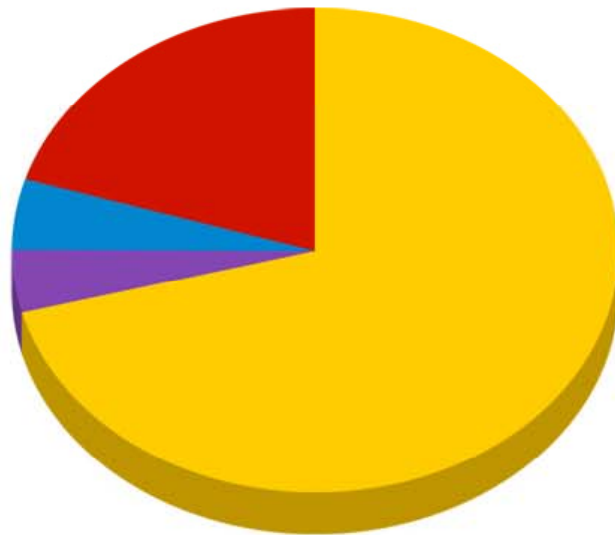
(Basis Weekly Average Prices)



Source: Thomson Reuters GFMS

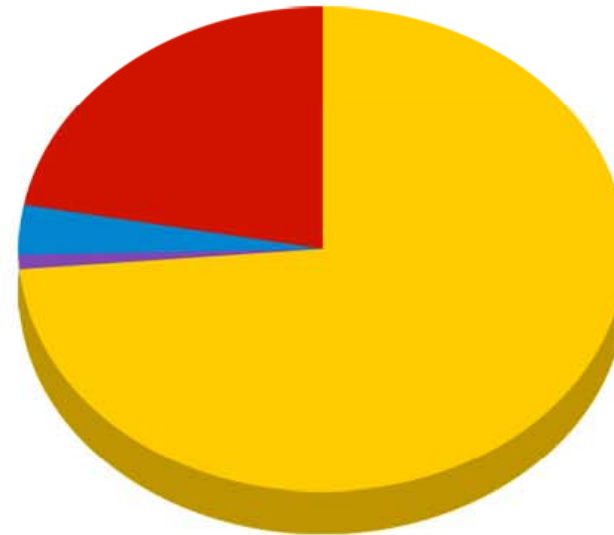
World Silver Supply

2010 Actual



- Scrap 20%
- Producer Hedging 5%
- Government Sales 4%
- Mine Production 71%

2011 Forecast

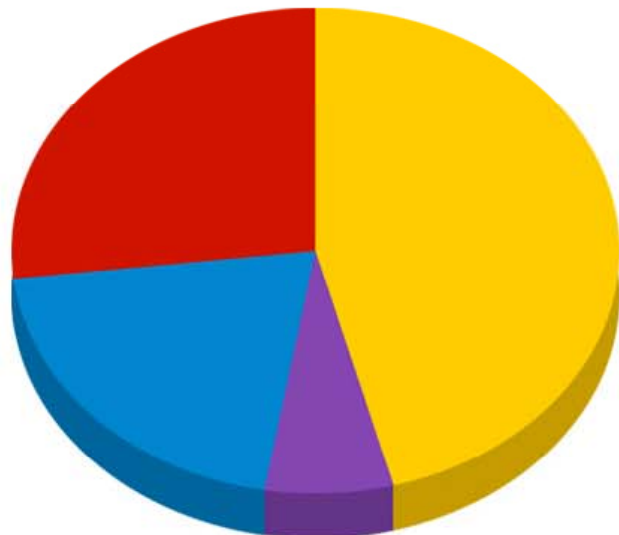


- Scrap 22%
- Producer Hedging 3%
- Government Sales 1%
- Mine Production 74%

Source: Thomson Reuters GFMS

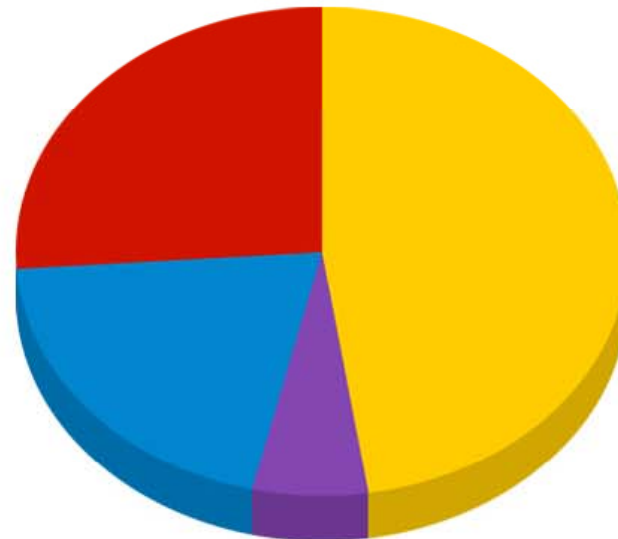
World Silver Demand

2010 Actual



- Investment 27%
- Jewellery & Silverware 20%
- Photography 7%
- Industrial 46%

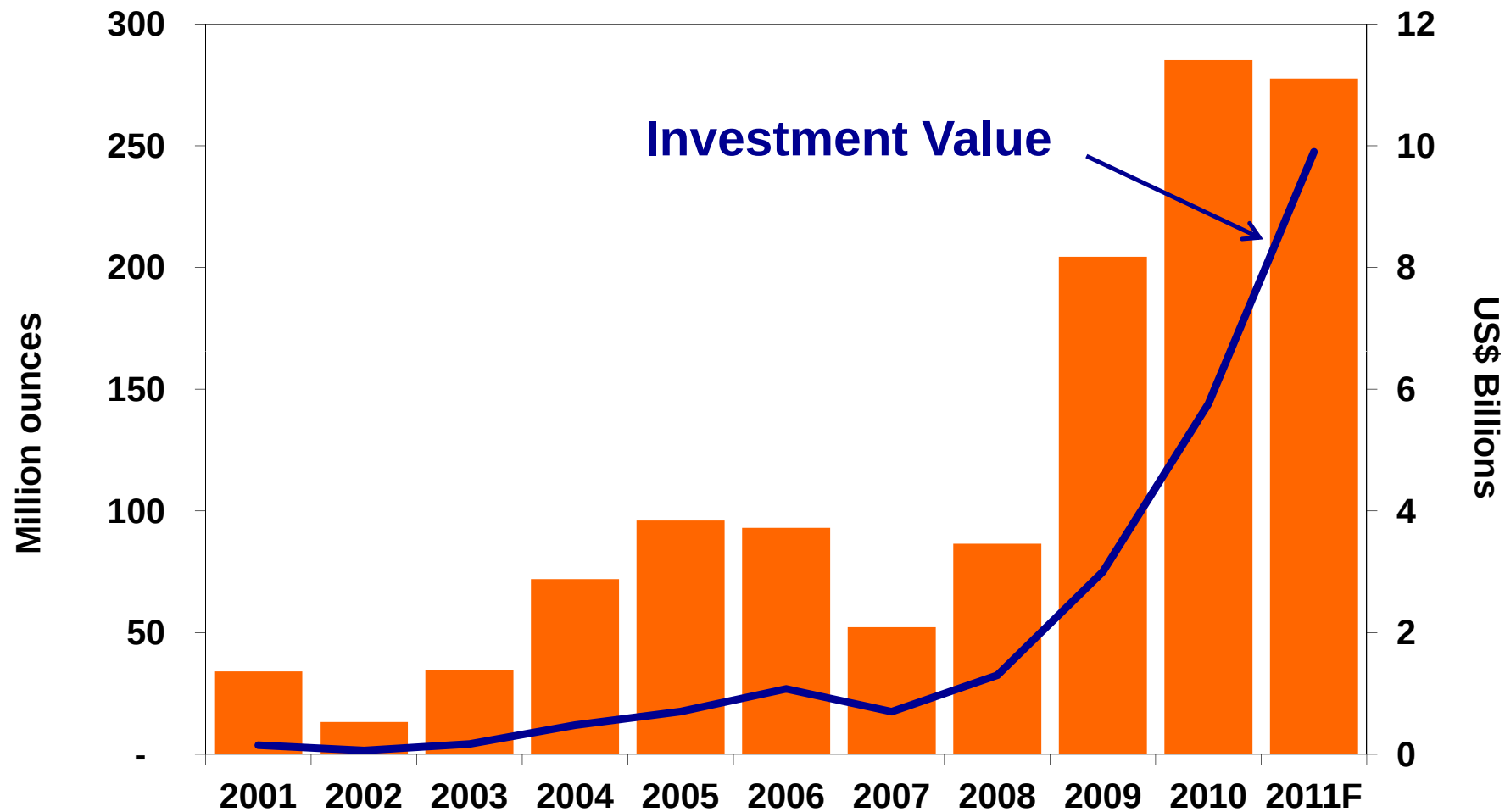
2011 Forecast



- Investment 26%
- Jewellery & Silverware 20%
- Photography 6%
- Industrial 48%

Source: Thomson Reuters GFMS

World Silver Investment* and Value



*World Investment is the sum of implied net investment and coins & medals

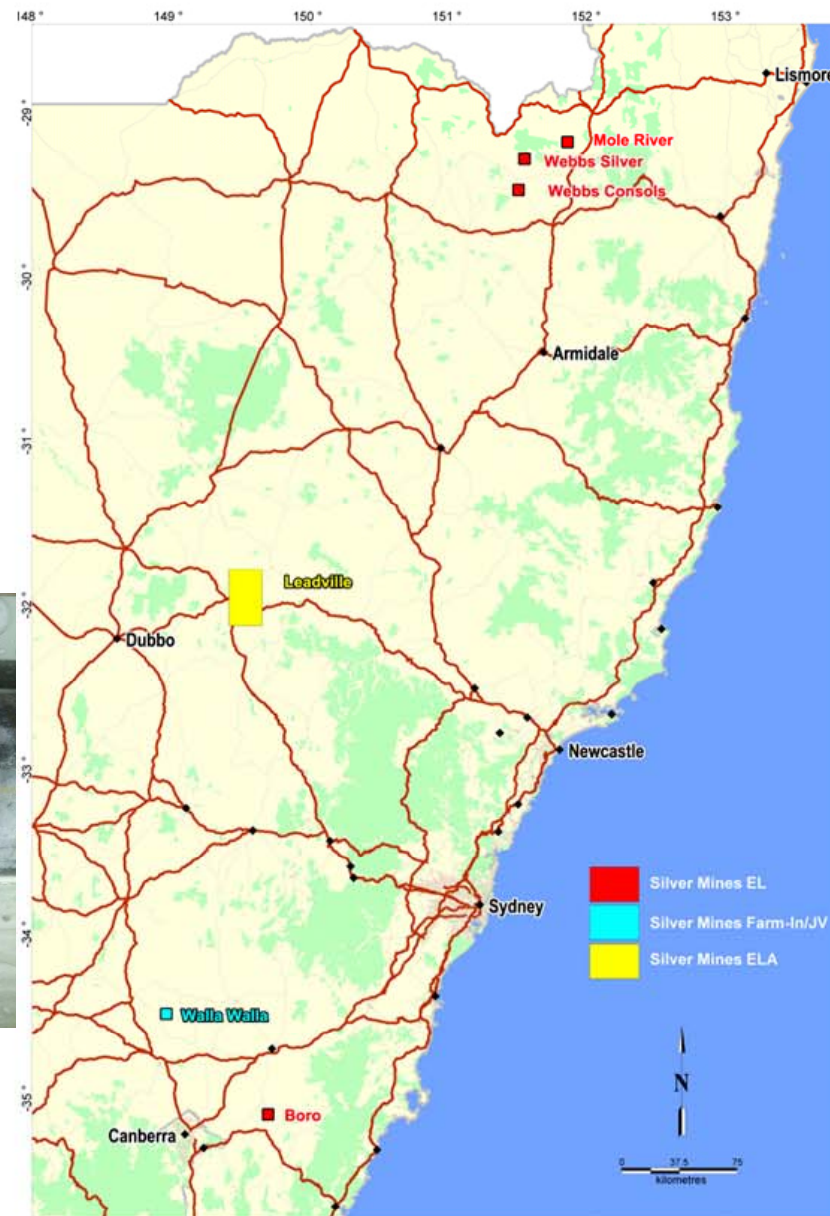
Source: Thomson Reuters GFMS

Exploration



Project Map

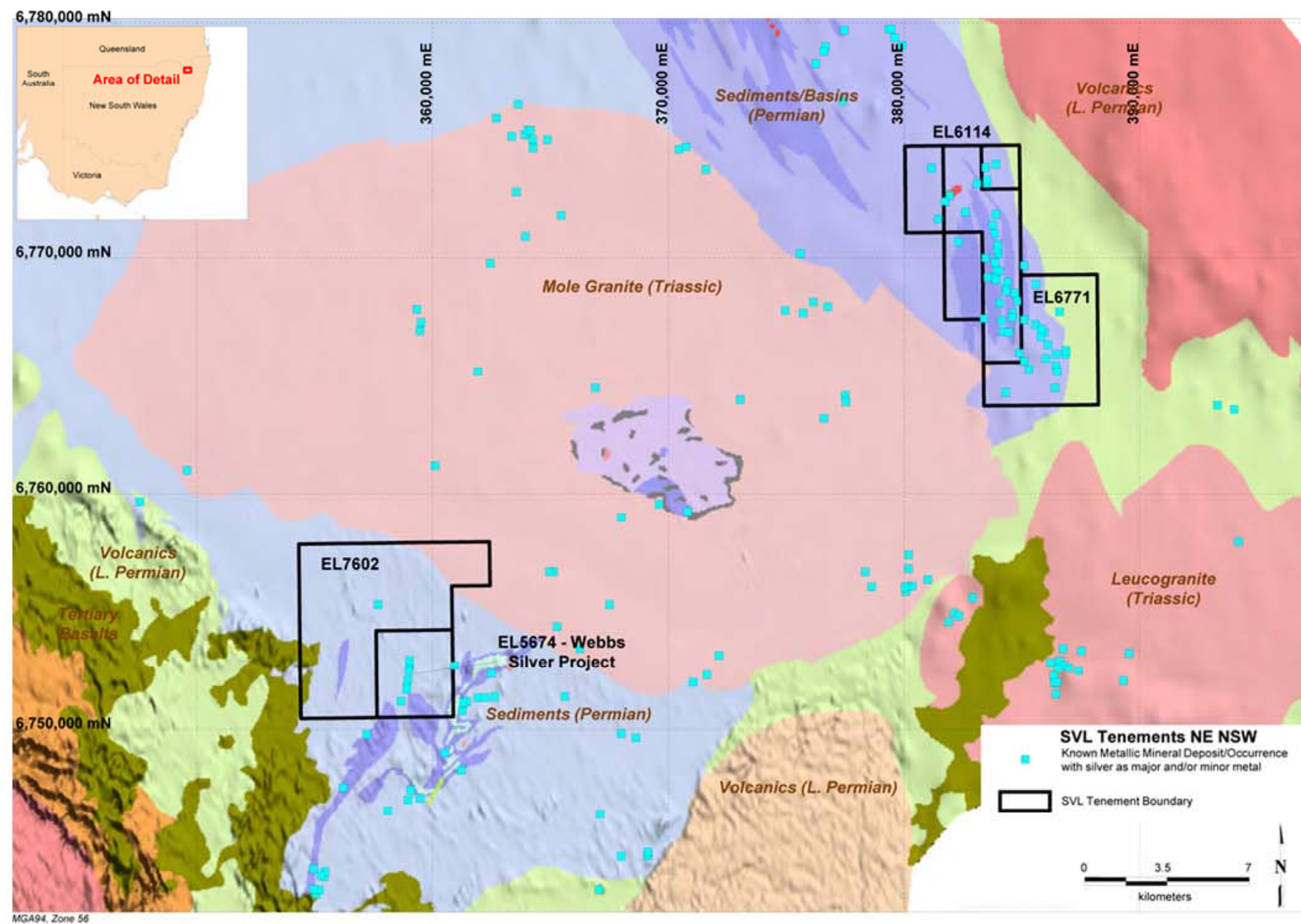
- Silver rich polymetallic targets
- under explored areas specially for silver



Our Projects

- New England region of NSW - 500 km² - Prospective, **under explored** especially for Webbs type deposits
- Exploration continues to deliver excellent results
- Other New England projects have high priority targets ready for follow up work, including drilling
- Projects in southern NSW - drilling and other work by previous explorers requires follow-up
- New projects

New England Projects



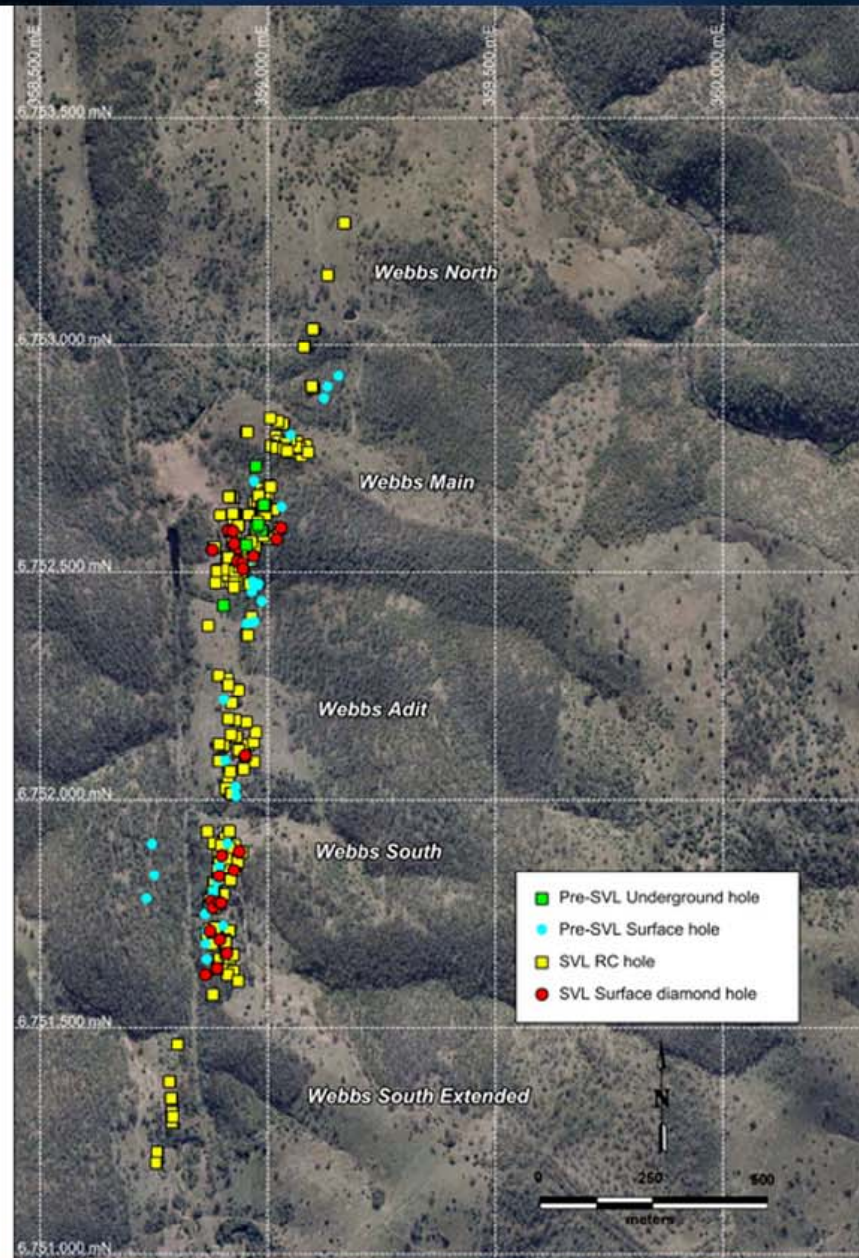
EL 5674 and EL 7602 Webbs Silver

- EL5674 (100% SVL)
- 2,000m corridor contains high grade pods with lower grade halo
- 12,039m RC drilling completed in 153 holes in 2011
- 2,824m Diamond drilling completed in 30 holes in 2011
- Geochemistry, geology and geophysics have defined targets requiring drilling follow-up
- High grade resource present with excellent scope to grow



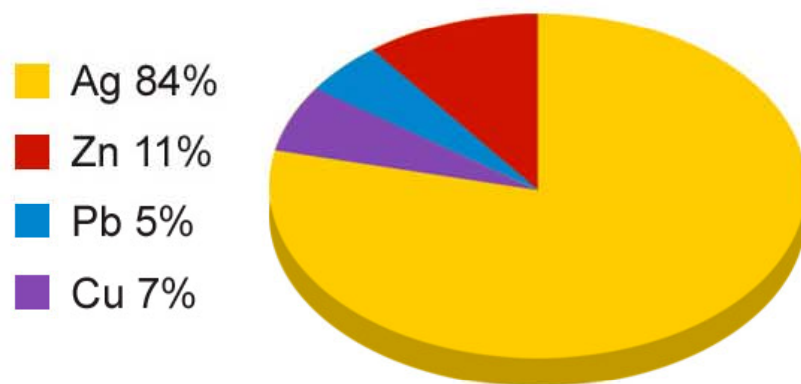
Drill Hole Collar Map

- 90% of metres at Webbs are by SVL
- 17% of SVL metres are DDH



EL 5674 Webbs Silver Resources

JORC Class	Tonnes	Ag ppm	Cu %	Pb %	Zn %
Inferred	1,066,000	240	0.27	0.83	1.83
Indicated	167,000	360	0.32	0.55	1.91
TOTAL	1,233,000	256	0.28	0.79	1.84



NOTE: Resource-Gross Values in \$AUD

\$A \$32/oz Ag, \$3.35/lb Cu, \$0.91/lb Pb and \$0.86/lb Zn

Scoping Study

- Scoping study of open pit mining and conventional 350,000 tpa flotation using \$31/oz Ag
- Two pits extracted 50% of resource ounces

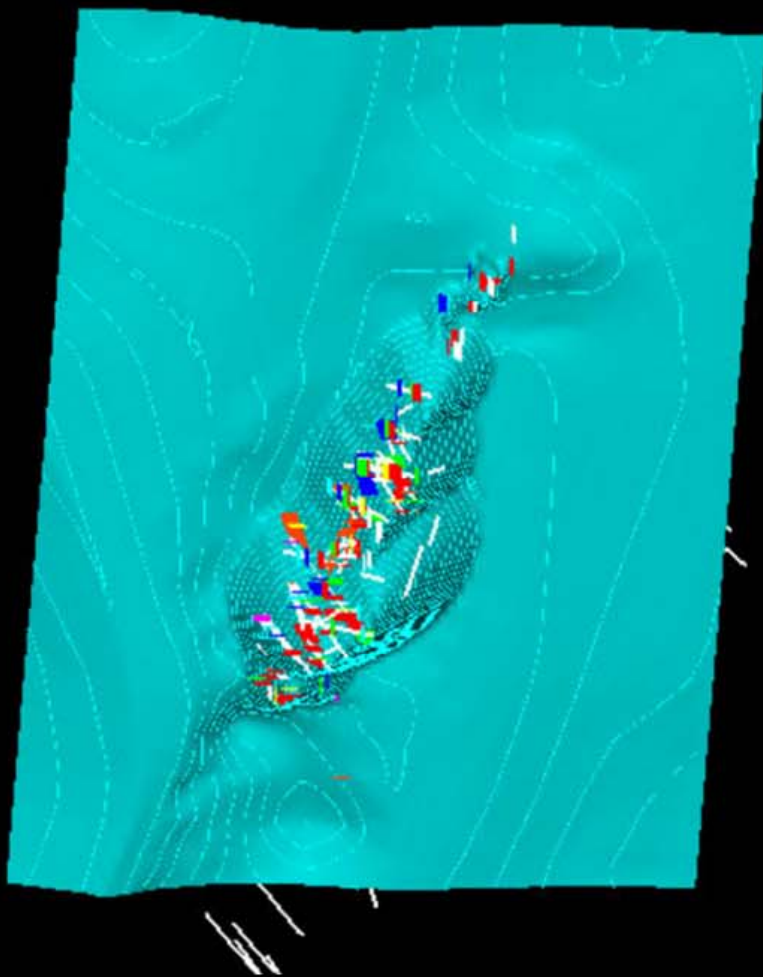
	Ag	Cu	Pb	Zn
Tonnes	(g/t)	%	%	%
432,000	344	0.31	0.93	1.43

Plus 100,000t @ 71g/t Ag – low grade

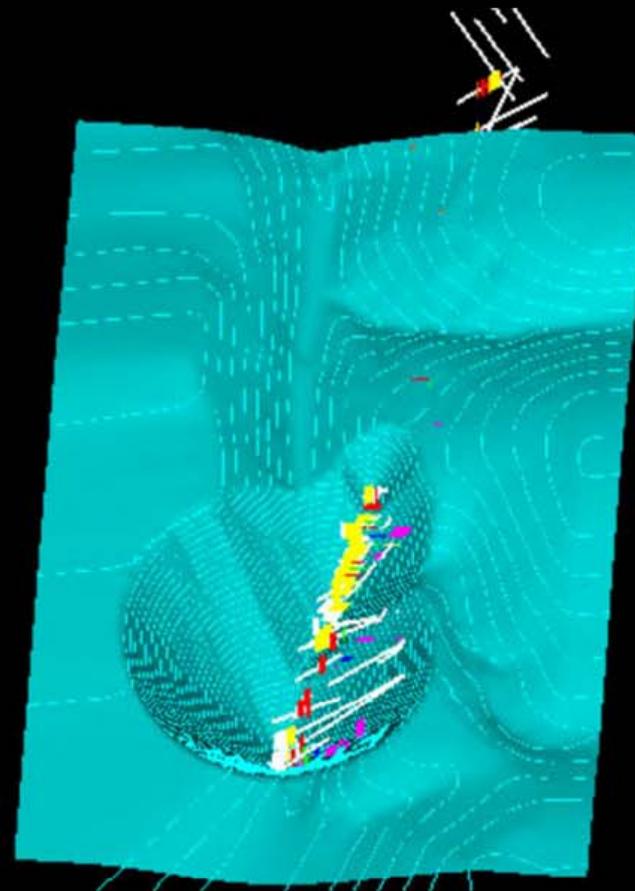
- Indicative cash costs of \$18/oz
- Upshot and upside - delineate more resources
- Likely open pit operation followed by underground

Webbs Pit Shells

Webbs Main



Webbs South

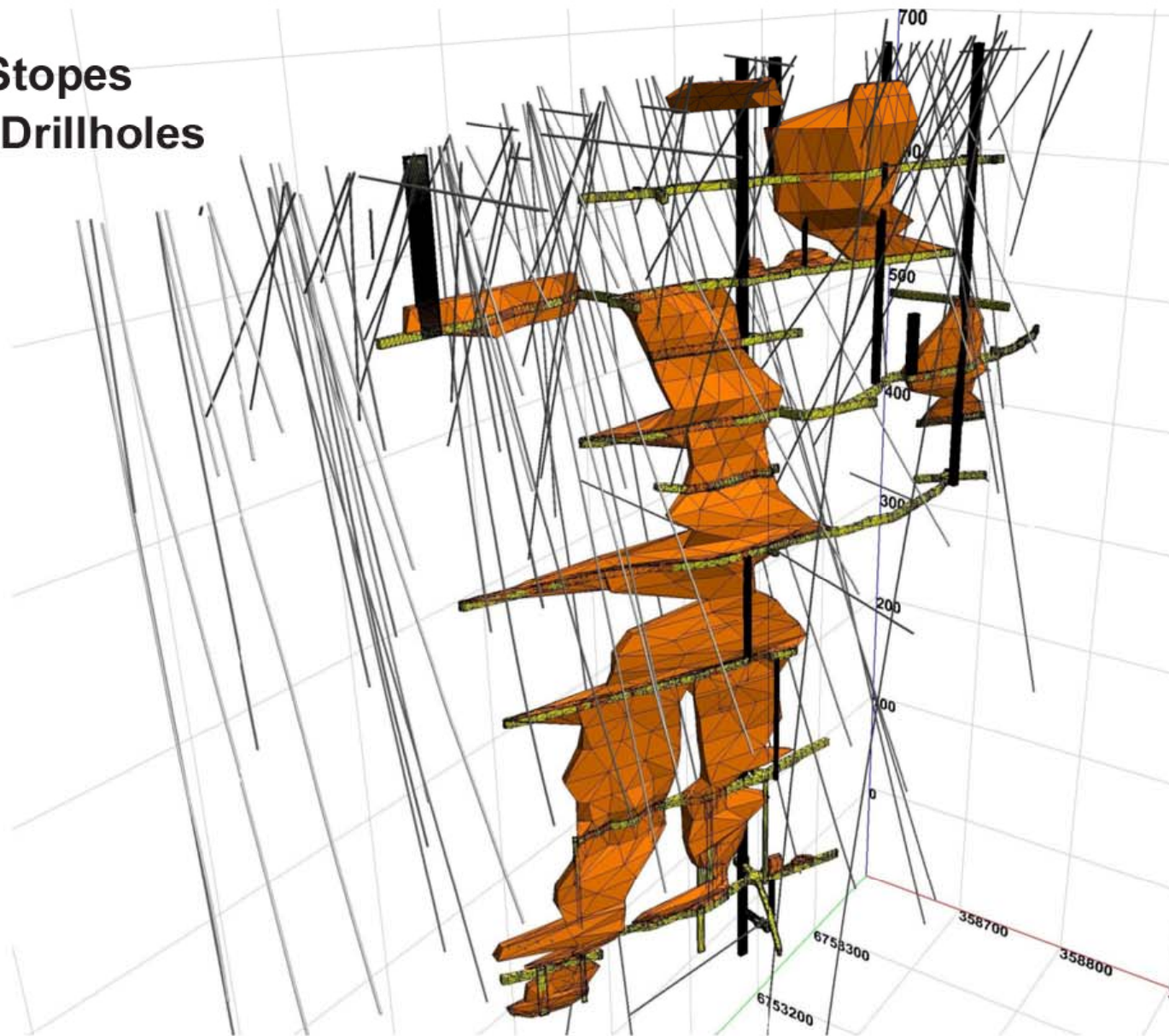


New Drilling

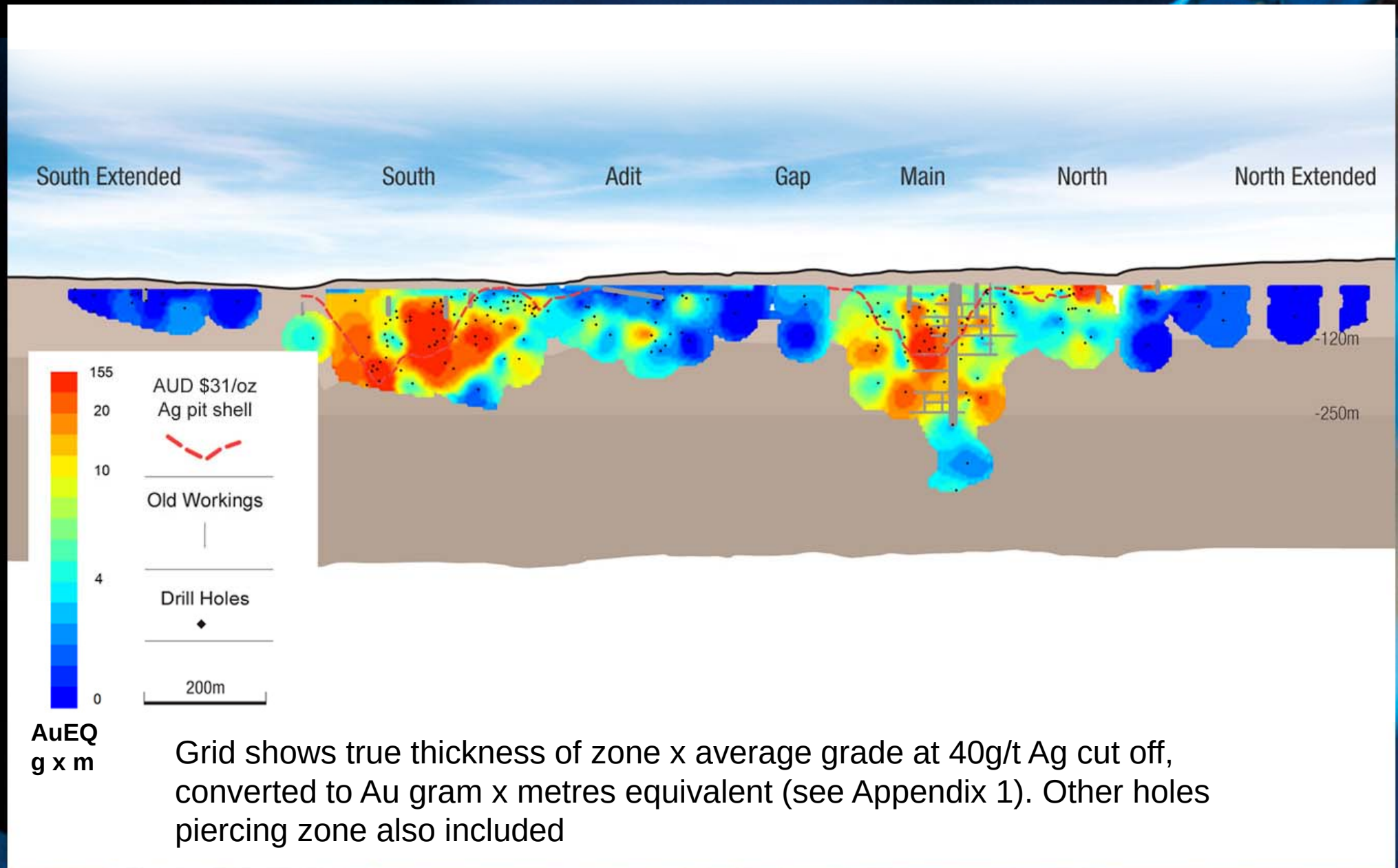
- Total of 23,820m RC and 4091m of DDH now drilled by SVL
- 12,039m RC and 2824m of DDH to be fed into new resource estimate with some excellent intersections reported
- Focus on upper 130m and near surface exploration target with some deeper drilling
- New resource estimate to increase tonnage and upgrade JORC confidence, due by year end.
- More DDH results awaited

Webbs Main Shaft - 3D

Old Stopes
New Drillholes



Webbs Silver Long Section (gram x metre)



Cross Section 6751770N

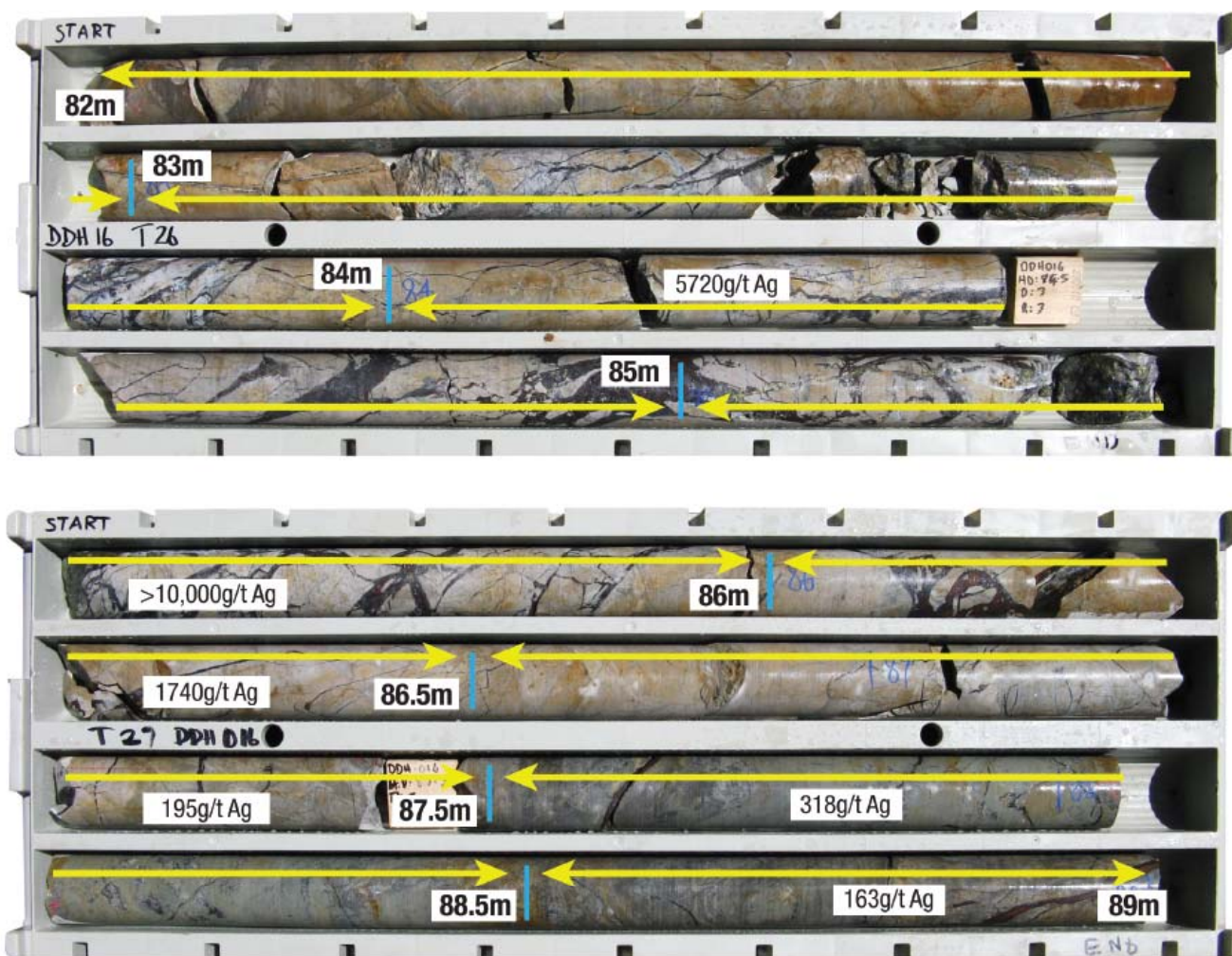
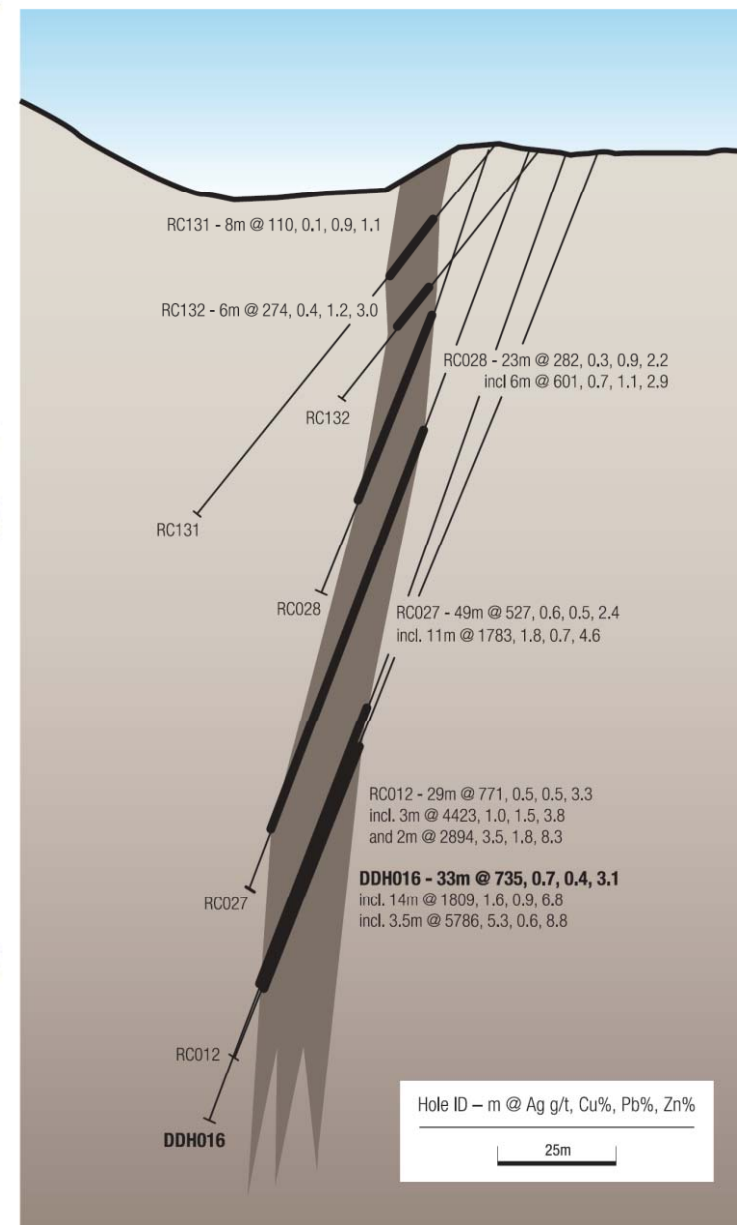


Photo 1 - DDH016 high grade silver zone depicted in core photograph



Cross Section 6751770N



Webbs The Future

- Webbs mineralisation **not closed off**
- Drilling to focus on **high grade** depth extensions and near surface 'gaps'
- Metallurgical testwork to PFS level underway
- Drill testing some regional targets in 2012 as well as additional exploration-target generation
- Complete PFS on Webbs

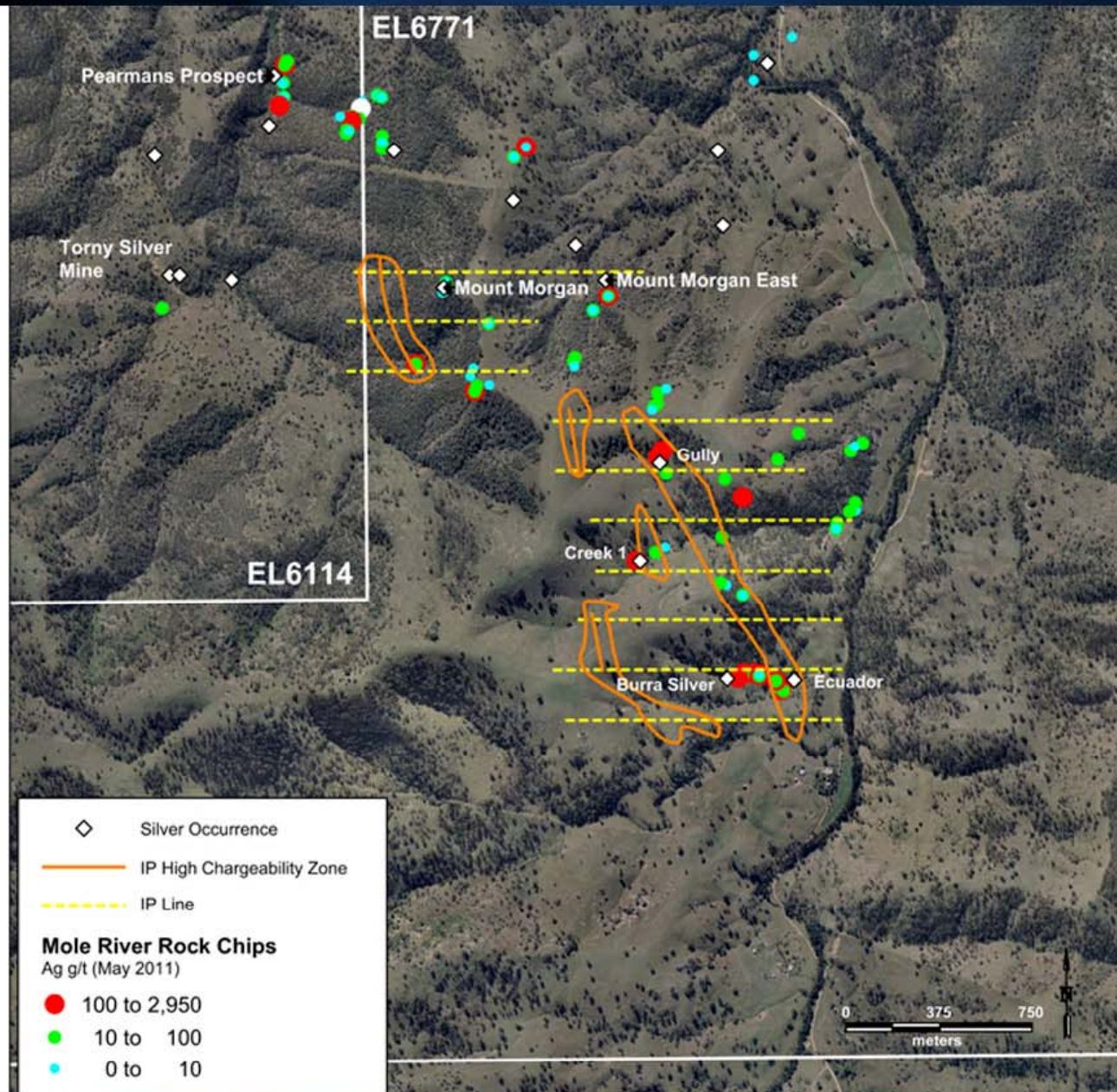
Mole Project EL 6771 and 6114

- Area hosts numerous silver occurrences
- Rock chip sampling and IP completed at several prospects
- Work in south east identified **high grade** silver-base metal values in rock chips associated with IP chargeability zones
- Targets ready for drilling at Torny, Burra



Burra lode

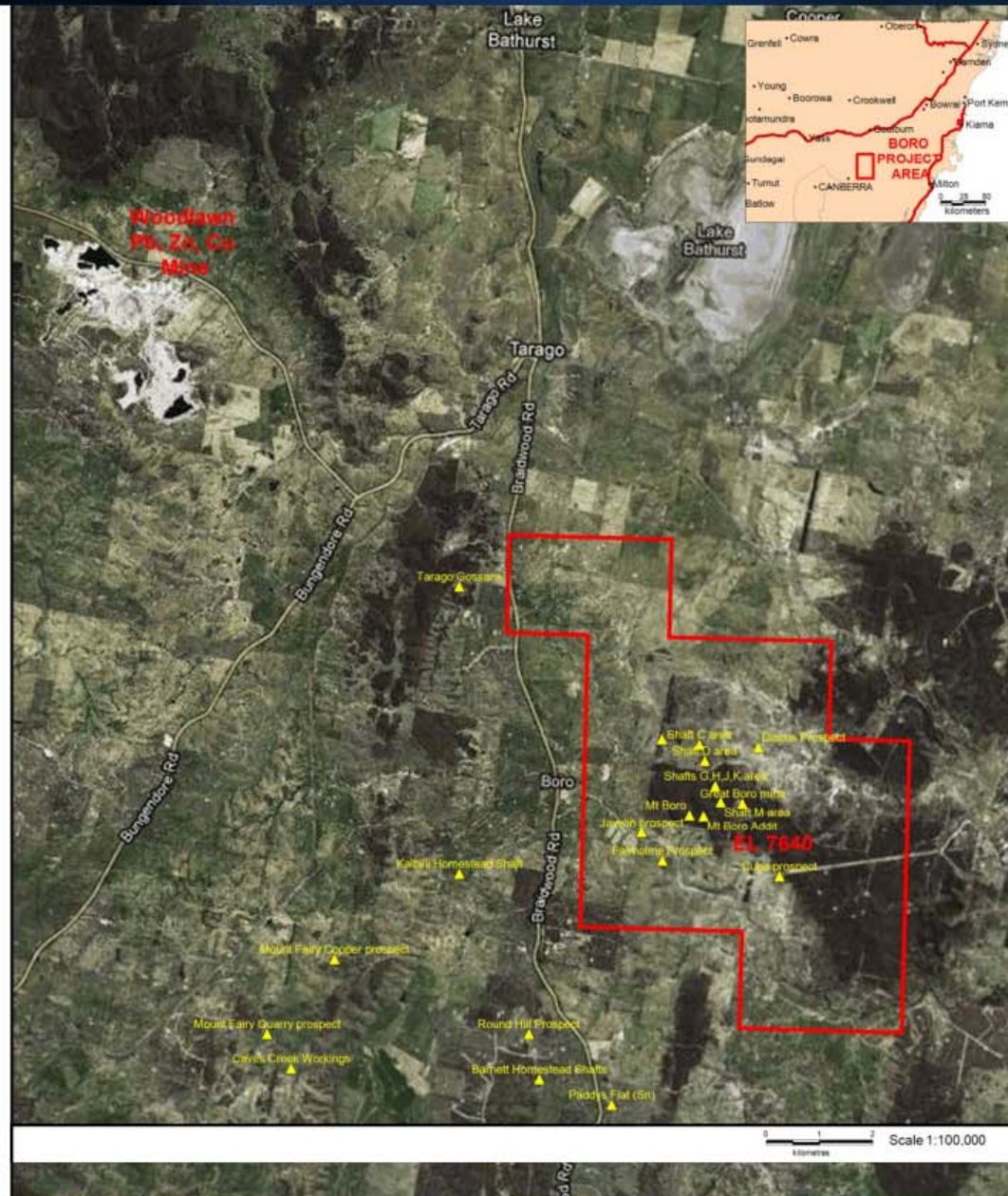
Mole River IP and Rock Chips



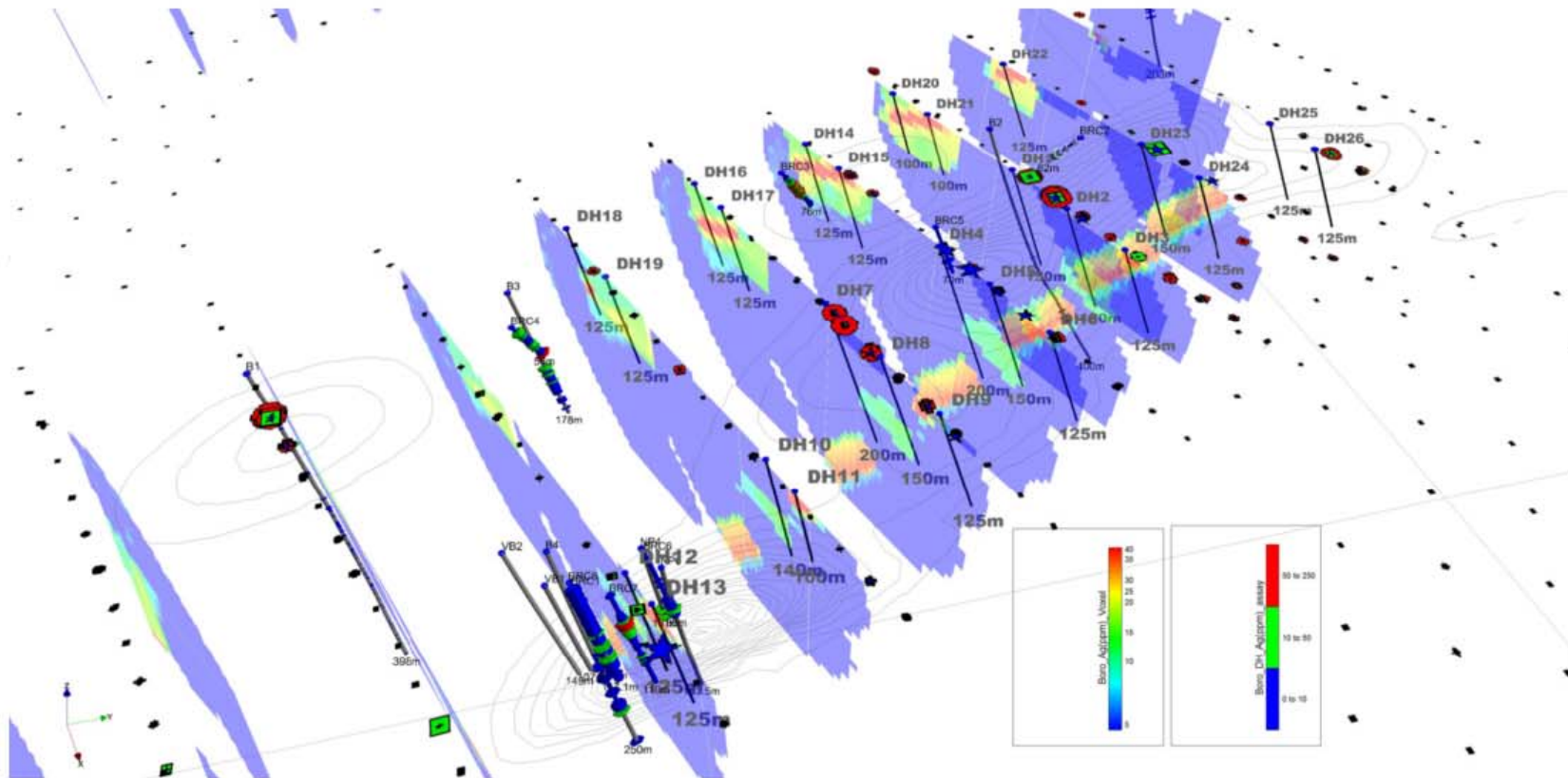
Boro Project EL 7640

- 50 km NE of Canberra
- Demonstrated potential for silver-base metals
- High grade historical production
- 10km from Woodlawn base metal (Zn-Cu-Pb-Ag) deposit
- Previous explorers work requires follow-up
- Many Ag-base metal intersections in drilling by previous explorers
- Drilling planned to test silver rich trends

Boro Location



Boro Project - Targets



Leadville ELA 4240

- Application Stage
- Potential for silver rich base metal skarns and possible VHMS
- Historic grades around 600g/t Ag and 10% Pb
- Historical drilling recorded numerous intersections such as:

Hole	From (m)	To (m)	Int (m)	Cu %	Pb %	Zn %	Ag g/t	Au g/t
DH34	88.85	97	8.15	0.2	1.0	6.3	447	0.41
DH35	143	144	1	2.4	1.4	5.9	690	2.70
DH42	81	88	7	0.1	4.0	8.4	68	0.35

- Geophysical, geochemical anomalies and previous drilling require follow-up

Walla Walla JV EL 6269

- SVL entering into Joint Venture with AOM
- SVL has earned a minimum of 50% to date
- Drilling by SVL delineated narrow zones of silver rich polymetallic
- Other areas require follow up, IP, mapping and sampling

	from (m)	to (m)	Int (m)	Ag g/t	Au g/t	Cu %	Pb %	Zn %	Sn %
WWRC001	68	70	2	223	0.05	0.3	5.0	2.8	0.5
WWRC002	97	98	1	208	0.09	0.3	2.3	4.0	0.3
WWRC003	74	76	2	109	0.13	0.1	4.7	2.6	0.2
WWRC004	109	112	3	118	0.01	0.1	2.9	2.5	0.1
WWRC009	97	98	1	103	0.01	0.0	1.9	0.4	0.2



THE END

 **SILVER**
MINES LIMITED



Appendix 1

The following applies to the Webbs Silver Long Section on slide 24

- AuEQ calculated using following \$A commodity prices
- Ag \$32/oz, Cu %3.35/lb, Pb \$0.91/lb, Zn \$0.86/lb and Au \$1670/oz
- AuEQ calculated by gross \$ value of Ag+Cu+Pb+Zn in each intersection divided by \$ value of gold. Implying a gold silver ratio of 52
- Readers should note the AuEQ g x m plot is for the purpose of illustrating grade x thickness distribution in the Webbs silver deposit
- The \$ values expressed have not taken into account metallurgical recovery or potential smelter terms