

30th April, 2013

To: Company Announcement officer

ACTIVITIES REPORT FOR THE QUARTER ENDED 31ST MARCH 2013.

HIGHLIGHTS FOR THE QUARTER

- Drilling commenced at Webbs with 1,571m of RC in 8 holes and 163m of DD drilling on one hole completed during the Quarter.
- Only assays from two RC holes have been received and are reported.
- Only one diamond tail was completed during the quarter and returned a broad zone of altered and locally brecciated and mineralised rock from 275m to the end of hole at 384.1m. Assays are awaited.
- Deeper diamond tails completed post the reporting period have intersected the 'lode structure' as planned. Available assays for these deeper diamond drill holes will be released in a forthcoming drilling update.

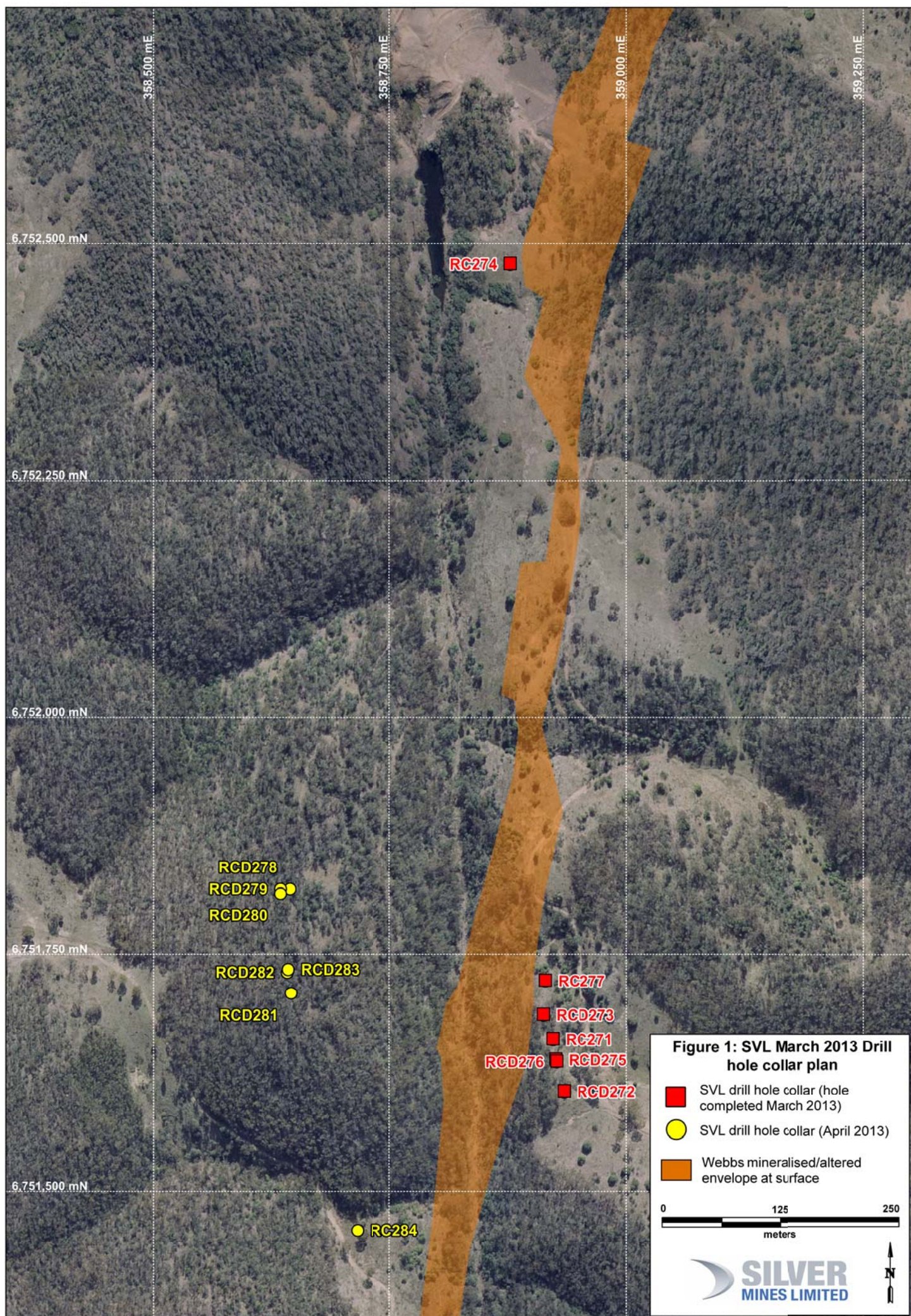
During the quarter Silver Mines Limited (ASX:SVL) commenced reverse circulation (RC) and diamond core (DD) drilling programs at the 100% owned Webbs silver project in northern NSW. The main aim of this program is to test for potential depth extensions to the Webbs deposit. Current interpretation is targeting steeply plunging, structurally controlled shoots where higher grades of silver are present and associated with increasing sulphide mineralisation as well as more intense alteration. These targets are generally located below mineralised intersections encountered in previous drilling.

Drilling for the quarter consisted of 1,571m of RC in 8 holes and 163.1m of DD core in one hole as shown in Table 1. Most of the RC holes were pre-collars for later DD 'tails'. RC and diamond drilling is ongoing.

Since the end of the Quarterly reporting period the Company has drilled an additional 11RC holes for 2,784m and 5DD tails for 402m. Results and observations for these holes will be discussed in a separate Drilling Update announcement to be released in the coming days.

SUMMARY OF DRILLING DURING THE QUARTER.

Eight (8) RC holes were drilled during the quarter, with only two penetrating the lode structure. A further two holes were lost short of target due to boggy ground conditions. The two holes to penetrate the lode were RC274, which was drilled at Webbs Main and RC277 (see Figure 1). The other RC holes were all drilled at Webbs South and require diamond tails. The RC holes requiring diamond tails are now prefixed RCD as shown in Table 1. One diamond tail (RCD273) was completed during the quarter, with assays awaited. These holes are discussed below. Assay results from the two RC holes are summarised in Table 2.



RC274 was testing a conceptual style target at Webbs Main targeting relatively shallow down plunge/dip extensions to shallower intersections from previous drilling. The hole intersected several lode structure(s) with associated quartz-sericite alteration. However, these only returned narrow zones of low grade to anomalous mineralisation as shown in Table 2.

RC277 was planned to test the potential down dip/plunge extension of a zone at Webbs South. Unfortunately the hole deviated to the south and effectively missed the target zone. The hole ended up testing a zone in close proximity to a previous hole where low grade mineralisation was returned.

RCD273 is an RC pre-collar with a diamond tail. Diamond core was attained from 221m to the end of hole at 384.1m. Quartz-sericite +/- carbonate and chlorite alteration was observed in association with fracturing and local breccia development (see Photo 1). These zones commonly contain quartz and carbonate veins and local disseminations, 'splashes' and rare veinlets of sulphide minerals comprised of pyrite, sphalerite, galena, chalcopyrite and arsenopyrite. Several of these zones, varying from 10-25m down-hole width, were observed from around 275m to the end of the hole at 384.1m. Due to the dip of the hole relative to the lode horizon, the true thickness of this 109m down-hole intersection is approximately 25m.

The mineralised zones are positioned in such a way so as to strongly support the interpreted down-dip projection of the Webbs lode structure. This hole now represents the deepest intersection of alteration and mineralisation at Webbs South having basically bottomed in altered material at 360m below surface. As is the case on other sections at Webbs South there appears to be a widening of the altered lode zone with depth. Core from this hole is currently being cut for dispatch to assay laboratory.



Photo 1: Close up of altered breccia-sulphide zone in RCD273 at 332m

Table 1. Drillhole data.

Hole ID	MGA East	MGA North	RL	MGA Azimuth	Dip	RC Depth	DD Tail	Depth	Total Depth
RC271	358922	6751661	721	288	-60	156			156.00
RC271a	358922	6751661	721	288	-60	139			139.00
RCD272	358935	6751606	721	285	-55	220	Drilled in April		220.00
RCD273	358912	6751687	720	295	-65	221	163.10		384.10
RC274	358877	6752479	700	119	-60	202			202.00
RCD275	358925	6751640	720	279	-60	171	Drilled in April		171.00
RCD276	358926	6751638	720	283	-65	180	Drilled in April		180.00
RC277	358914	6751723	714	288	-60	244			244.00

Notes:

All easting/northing data are located by Handheld GPS to an accuracy of about +/-5m. Units are in metres relative to the MGA grid. RL data is in mASL to an accuracy of about 2m. Dip and azimuth data is predominantly derived from downhole surveying using multishot electronic camera. Units are in degrees.

Table 2. Assay results

Hole ID	from (m)	to (m)	interval (m)#	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
RC274	17	18	1	33	<0.1	0.21	0.27
RC274	79	80	1	29	<0.1	0.56	0.62
RC277	20	21	1	79	<0.1	1.20	0.71
RC277	42	45	3	60	<0.1	<0.1	<0.1
RC277	117	118	1	20	<0.1	0.36	0.40
RC277	148	156	8	72	<0.1	0.28	1.25
Incl.	151	153	2	156	0.13	0.18	1.87
RC277	160	161	1	52	<0.1	0.31	0.89

Assay Notes

Assays for drillholes are derived from 1m splits weighing around 4kg which have been analysed by ALS Chemex in Brisbane. Samples are pulverised to 80% 75 microns. Routine assaying is conducted by ALS Method ICP41-S. This is an Aqua Regia digest with an ICP-AES finish. When elements exceed upper detection 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), and in the case of silver, occasionally using a gravimetric technique. Insertion of appropriate QA/QC samples ensures that laboratory accuracy and precision are monitored.

#Downhole 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 half to one third of downhole interval reported. Downhole Intersections are calculated at a 20g/t Ag cut-off and allow for up to 1m of internal dilution at <20g/t Ag. Any higher grade internal zones are calculated at a >70g/t Ag cutoff.

Silver Mines looks forward to providing you with drilling results and further updates in the near future.

Please direct any queries regarding the content of this report to Charles Straw (CEO) on
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Competent Person Declaration.

The information in this report that relates to Exploration Results is based on information compiled by Mr David Hobby, consulting geologist to SVL. Mr Hobby 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.