

22 June 2018

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

DRILL RESULTS EXTEND HIGH GRADE NORTHWEST MINERALISED ZONE AT BOWDENS

Highlights

- **Assays returned from first hole, BRD18001, of the 2018 Northwest Zone drilling program significantly extends this new high-grade silver area. Results include:**
 - **24 metres @ 150 g/t silver equivalent (108 g/t silver, 0.37% zinc and 0.73% lead) from 283 metres; including;**
 - **5 metres @ 245 g/t silver equivalent (216 g/t silver, 0.37% zinc and 0.32% lead) from 283 metres and;**
 - **1 metre @ 510 g/t silver equivalent (377 g/t silver, 0.30% zinc and 3.53% lead) from 306 metres.**
- **Northwest Zone contains high-grade silver and base metal mineralisation between 10 and 30 metres thick currently defined over a strike length of 150 metres and open in several directions. Previously reported results include:**
 - **33 metres @ 215 g/t silver equivalent (167 g/t silver, 0.29% zinc and 1.17% lead) from 235 metres including;**
 - **7 metres @ 555 g/t silver equivalent (483 g/t silver, 0.75% zinc and 1.38% lead) from 235 metres; and**
 - **11.7 metres @ 316 g/t silver equivalent (270 g/t silver, 0.22% zinc and 1.18% lead) from 179 metres.**

Bowdens Northwest: BRD18001

Silver Mines Limited (ASX:SVL) ("Silver Mines" or "the Company") is pleased to advise that it has received assay results from the first section of hole BRD18001 drilled at the Bowdens Silver project located near Mudgee in New South Wales.

BRD18001 was drilled to target an extension of the high-grade Northwest Zone beneath the Bowdens Silver Deposit (see *Figure 1.*). The drill hole was completed to a depth of 483.6 metres and targeted the down dip extent of high-grade mineralisation northwest of BD17021 and west of BD17018 (see *Figure 2.*).

BRD18001 intersected a significant high-grade zone approximately 100 metres from any previous high-grade intercepts. The Northwest Zone remains open in several directions and the Company is currently modelling and targeting further extensions of this exciting new discovery.

Table 1: Drill hole intersections using 1. a minimum 100g/t silver cut-off over 1 metre interval and up to 6 metre internal continuous dilution, 2. A minimum 200g/t silver cut-off over 1 metre interval and up to 1 metre internal continuous dilution, 3. A minimum 250 g/t silver cut-off over 1 metre interval and up to 1 metre internal continuous dilution. Refer to "Data aggregation methods" in Section 2 of the JORC tables below for the silver equivalent calculation.

Hole	Cut off	From (metres)	To (metres)	Interval (metres)	Silver (g/t)	Zinc (%)	Lead (%)	Silver Eq (g/t)
BRD18001	1	283	307	24	108	0.37	0.73	150
<i>Incl.</i>	2	283	288	5	216	0.37	0.32	245
	3	284	285	1	270	0.28	0.30	294
	3	286	288	2	288	0.57	0.51	333
	3	306	307	1	377	0.30	3.53	510

The Northwest Zone is a high-grade silver zone that extends from beneath the base of the 2018 Bowdens pit design (refer to ASX release 30th May 2018) to the north. The Northwest Zone is a gently dipping, fracture to vein hosted mineralised body.

Table 2: Drill hole intersections using 4. a minimum 60g/t silver cut-off over 5 metre internal dilution. Refer to "Data aggregation methods" in Section 2 of the JORC tables below for the silver equivalent calculation

Hole*	Cut off	From (metres)	To (metres)	Interval (metres)	Silver (g/t)	Zinc (%)	Lead (%)	Silver Eq (g/t)
BD17015	4	235	268	33	167	0.29	1.17	215
<i>Incl.</i>	4	235	242	7	483	0.75	1.38	555
BD17018	4	179	190.7	11.7	270	0.22	1.18	316
<i>Incl.</i>	4	183.6	190.7	7.1	391	0.32	1.86	494
BD17013	4	128	171	43	110	0.36	0.86	157
<i>Incl.</i>	4	151	165	14	203	0.55	0.99	254
BD17020	4	193	211	18	74	0.81	0.68	136
<i>Incl.</i>	4	204	205	1	596	0.62	1.18	667
BRC12037	4	186	200	14	284	0.11	0.89	319
<i>Incl.</i>	4	196	200	4	935	0.14	2.01	1010
BD17021	4	198	213	15	209	0.09	1.16	252

**Previously reported intercepts. For further information on previous results please refer to ASX release of 7th June 2017 and 31st July 2017.*

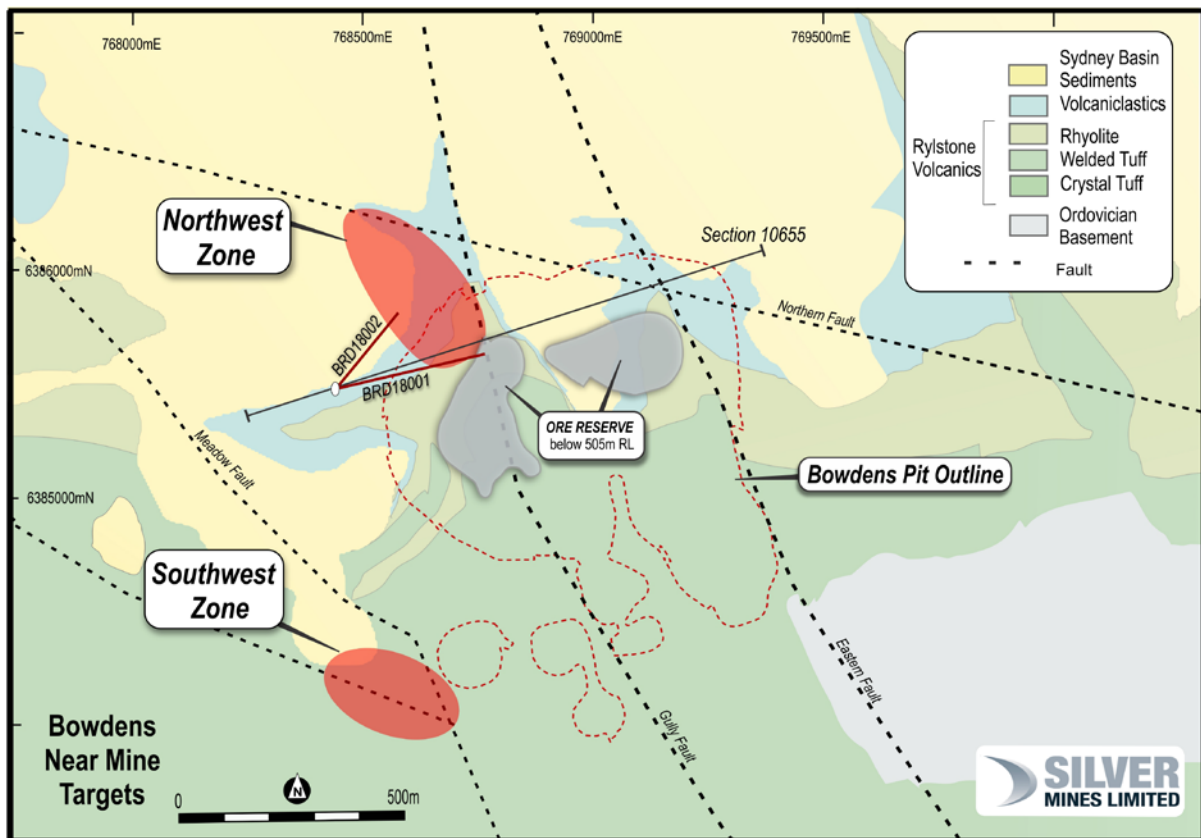


Figure 1. Location of current drilling programs – Northwest Zone and Southwest Zone

The Northwest Zone

The Northwest Zone is a gently west dipping zone that resides beneath the northwest quadrant of the Bowdens open pit design and is constrained to the welded tuff unit of the Permian Rylstone volcanic. Predominantly the zone is a concentration of veining and fracture fill style mineralisation with silver being the dominant metal.

With the completion of drilling BRD18001, it is evident the zone continues to the west and well beyond the current pit design. The 100-metre westward extension highlights further potential for an extensive system beneath and outboard from the Bowdens pit. This zone extends from 10600mN at the base of the pit design and dips gently to the west, its apparent plunge extends to the northwest and steepens from 10700mN. The overall lateral extent is some 150 metres west and 150 metres to the north. The zone remains open to the west. Current drilling of BRD18002 is testing 120 metres north of BRD18001.

The insights from initial drilling of the Northwest Zone are encouraging with a high potential to extend the high-grade silver zone towards the source of mineralisation. With further successful drilling in the area and in particular the continued demonstration of high-grade silver over considerable widths, this zone may have the potential for the development of underground mining tonnages.

After the completion of BRD18002, the drilling rig will be moved south to the Southwest Zone where an anomalous zone including high-grade zinc coincides with a strong Induced Polarisation anomaly.

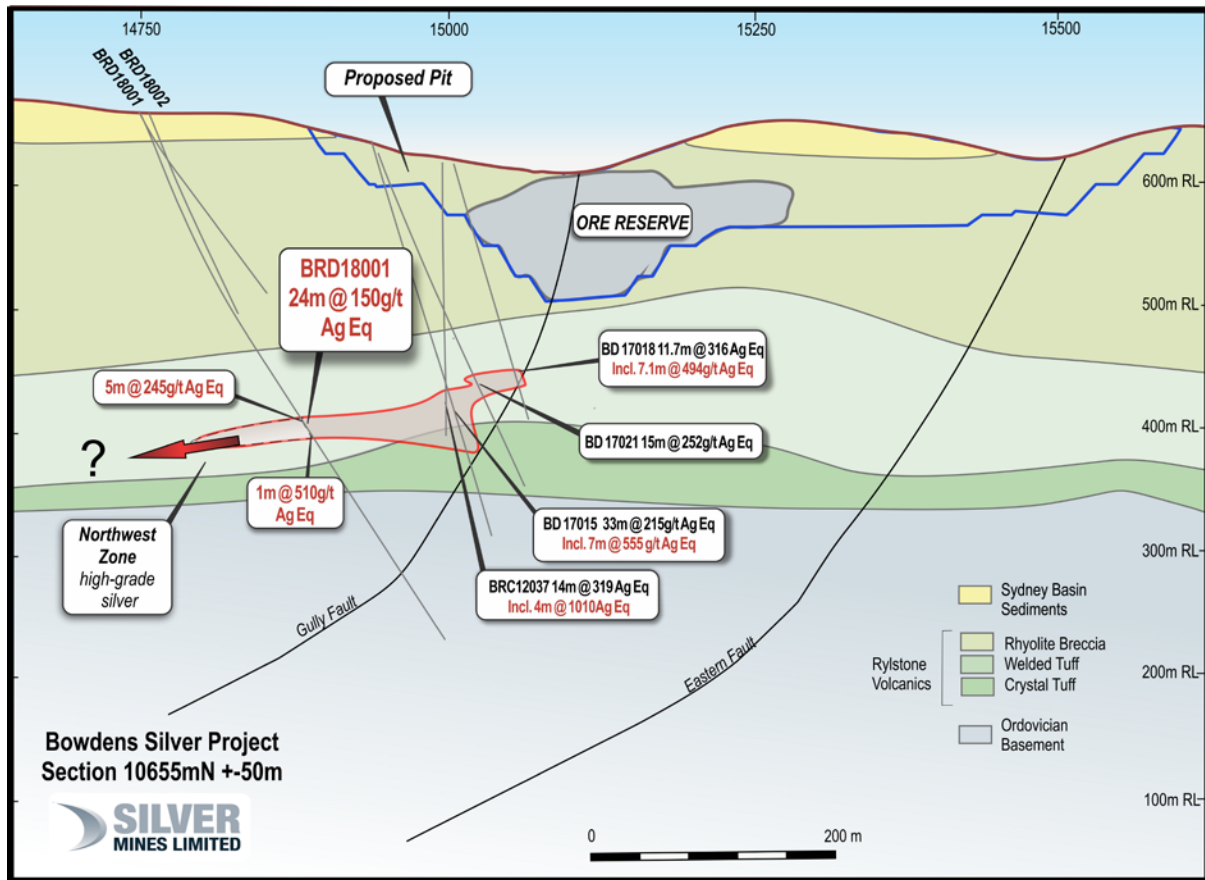


Figure 2. Section 10665mN +/-50m, looking north, showing drill hole intercepts to date for BRD18001

About the Bowdens Silver Project

The Bowdens Silver Project is located in central New South Wales, approximately 26 kilometres east of Mudgee (see Figure 3.). The recently consolidated project area comprises 1,654 km² (408,000 acres) of titles covering approximately 80 kilometres of strike of the highly mineralised Rylstone Volcanics. Multiple target styles and mineral occurrences have potential throughout the district including analogues to Bowdens Silver, high-grade silver-lead-zinc epithermal and volcanogenic massive sulphide (VMS) systems and copper-gold targets.

Bowdens Silver is the largest undeveloped silver deposit in Australia with substantial resources and a considerable body of high quality technical work already completed. The projects boast outstanding logistics for future mine development.

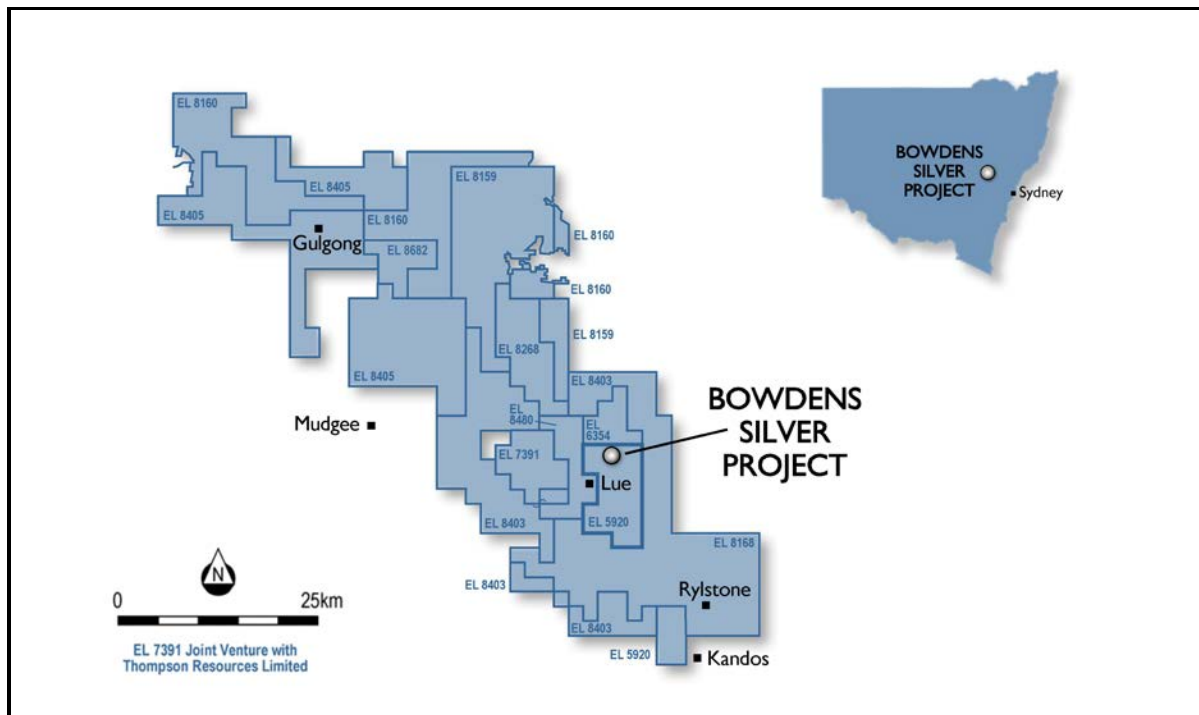


Figure 3. Bowdens Silver tenement holdings in the Mudgee district.

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About Silver Mines Limited

The Silver Mines strategy has been to consolidate quality silver deposits in New South Wales and to form Australia's pre-eminent silver company.

The Company's goal is to provide exceptional returns to shareholders through the acquisition, exploration and development of quality silver projects and by maximising leverage to an accretive silver price.

Competent Persons Statement

The information in this report that relates to mineral exploration drill results from Bowdens Silver is based on information compiled by the Bowdens Silver team and reviewed by Mr Darren Holden who is an advisor to the Company. Mr 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). Mr Holden consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Appendix 1 Drill Hole Details

Hole ID	GDA94 East	GDA94 North	RL	Dip	Azimuth (mag)	EOH (m)	Comment
BRD18001	768444	6385735	658	-65	57	483.6	Partial assays complete

JORC Code, 2012 Edition – ANNEXURE 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	- Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. - Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. - Aspects of the determination of mineralisation that are Material to the Public Report. - In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay.') In other cases, more explanation may be required such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	- Sampling taken from NQ diamond core - NQ size core - selective samples taken as nominal 1 metre intervals from half-cut core and from the same side of the core. - Each sample represents approximately 2 kilograms of material - A selection of NQ cut half core samples were sent for multi-element assay using ICP techniques with the entire sample pulverized and homogenized with a 50g extract taken for assay. - Assays are considered representative of the sample collected.
<i>Drilling techniques</i>	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	- Diamond drilling undertaken using HQ and NQ diamond core rig with standard tube. - All core, where unbroken ground allows, is oriented by drill crew and an orientation line along the base of the hole.
<i>Drill sample recovery</i>	Method of recording and assessing core and chip sample recoveries and results assessed.	- Core recovery is estimated at greater than 98%. - Some zones (less than 10%) were broken core with occasional clay

Criteria	JORC Code explanation	Commentary
	- Measures taken to maximise sample recovery and ensure representative nature of the samples. - Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	zones where some sample loss may have occurred. However, this is not considered to have materially affected the results. No significant relationship between sample recovery and grade exists.
Logging	- Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. - Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. - The total length and percentage of the relevant intersections logged.	- All diamond core are logged using lithology, alteration, veining, mineralization and structure. - All core are photographed using both wet and dry photography. - In all cases the entire hole is logged by a geologist.
Sub-sampling techniques and sample preparation	- If core, whether cut or sawn and whether quarter, half or all core were taken. - If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. - For all sample types, the nature, quality and appropriateness of the sample preparation technique. - Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. - Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance, results for field duplicate/second-half sampling. - Whether sample sizes are appropriate to the grain size of the material being sampled.	- Minor selective sub-sampling based on geology to a maximum size of 1.3m and a minimum of 0.3m. - All core is cut using a Corewise core saw with core rotated 10 degrees to the orientation line to preserve the orientation for future reference. - The half (NQ) of the core without the orientation line is removed, bagged and sent to the laboratory for assay. - Sample sizes are considered appropriate for the rock type, style of mineralisation, the thickness and consistency of the intersections and assay ranges expected at Bowdens.
Quality of assay data and laboratory tests	- The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. - For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibration factors applied and their derivation, etc. - Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have	- Samples dispatched to ALS Global laboratories in Orange NSW for sample preparation and gold analysis Au-AA25. 33 multi-element analysis completed at ALS Brisbane using method ME-ICP61. - Site Standards are inserted every 20 samples to check quality control and laboratory standards and blanks every 25 samples to further check results.

Criteria	JORC Code explanation	Commentary
	<i>been established.</i>	
Verification of sampling and assaying	- The verification of significant intersections by either independent or alternative company personnel. - The use of twinned holes. - Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. - Discuss any adjustment to assay data.	- Significant intersections calculated by site-geologists. - All geological logging is entered digitally before inputting into a Maxwell Geoservices database schema. - Primary assay data is sent electronically from the lab to the SVL database administrator and then entered into the geological database for validation. - All assays matched with the logging sheets and loaded directly from the output provided by the laboratory with no manual entry of assays undertaken. - No adjustments were made or required to be made to the assay data.
Location of data points	- Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. - Specification of the grid system used. - Quality and adequacy of topographic control.	- The collar position is initially surveyed using hand-held GPS with accuracy of +/- 5 metres. Periodically, Real Time Kinetic by VRS Now surveys are conducted with accuracy of +/-1cm. - Down hole surveys collected every 30 metres using an electronic downhole reflex survey camera. - The terrain includes steep hills and ridges and with a topographical model of 0.034 metre accuracy. - All collars recorded in MGA94 zone 55 and also re-projected to a locally defined mine-grid system.
Data spacing and distribution	- Data spacing for reporting of Exploration Results. - Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. - Whether sample compositing has been applied.	This drilling is designed as exploration targeting an extension of a known mineralised zone.
Orientation of data in relation to geological structure	- Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. - If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	- Drill orientation was designed to intersect the projection of the mineralized envelope and oblique to the orientation of the mineralized envelope. - An interpretation of the mineralization has indicated that no sampling bias has been introduced.

Criteria	JORC Code explanation	Commentary
Sample security	The measures taken to ensure sample security.	All samples bagged on site under the supervision of project geologist with sample bags tied with cable ties before being driven by site personnel to the laboratory in Orange, NSW (~200km from the site)
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	The drilling campaign and drill work includes on-going internal auditing with advice taken on process from external advisors.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	- Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. - The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	- The Bowdens Resource is located wholly within Exploration License No EL5920, held wholly by Silver Mines Limited and is located approximately 26km east of Mudgee, New South Wales. - The tenement is in good standing. - The project has a 2.0% Net Smelter Royalty which reduces to 1.0% after the payment of US\$5 million over 100% of the EL5920. - The project has a 1.85% Gross Royalty over 100% of EL5920.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	The Bowdens project was previously managed by Kingsgate Consolidated and Silver Standard Ltd, however the new drilling reported under this table is based on work conducted solely by Silver Mines/Bowdens Silver.
Geology	Deposit type, geological setting and style of mineralisation.	- The Bowdens Deposit is a low sulphidation epithermal base-metal and silver system hosted in Permian Volcanic rocks. - Mineralisation includes veins, shear veins and breccia zones within tuff and ignimbrite rocks. - The higher grade Northwest zone is predominantly fracture fill to veined style mineralisation
Drill hole Information	- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: - easting and northing of the drill hole collar;	All information is included in Appendix 1 of this report.

Criteria	JORC Code explanation	Commentary
	- o elevation or RL (Reduced Level elevation above sea level in metres) of the drill hole collar; - o dip and azimuth of the hole; - o down hole length and interception depth; and - o hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• Intersection calculations based weighted averages on; 30g/t silver cut-off for 5 metre minimum interval length and maximum 5 metre internal dilution for lower grade; 60g/t silver cut-off for 5 metre minimum interval length and maximum 5 metre internal dilution for higher grade and; 200g/t silver cut-off for 1 metre minimum interval and 1 metre internal dilution; 250g/t silver cut-off for 1 metre minimum interval length and maximum 1 metre internal dilution for high grade. • Previously reported intercepts reported using a variation of silver equivalent formula, this was calculated using metal prices of US\$20 per ounce silver, US\$1.00 per pound zinc and US\$1.00 per pound lead and recoveries of 81% for silver, 82% for zinc, 81% for lead. Ag Equivalent formula = $Ag\ g/t + ((Pb\% + Zn\%)*33.2)$. • Current silver equivalent values calculated using metal prices of US\$20 per ounce silver, US\$1.50 per pound zinc, US\$1.00 per pound lead and recoveries of 85% for silver, 82% for zinc and 83% for lead. Ag Equivalent formula = $Ag\ g/t + (Zn\%*49.61) + (Pb\%*33.48)$.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	• Mineralisation is both fracture filled and vein hosted within the welded tuff unit of the Rylstone volcanics. The welded tuff dips shallowly to the north while the majority of mineralised veins are variable in orientation. The overall zone dips gently to the west where the drill intersects the zone almost perpendicular. Intercepts represent approximately 85% of true width of the zone.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to, a plan view of	• Maps and cross-sections provided in the body of this report.

Criteria	JORC Code explanation	Commentary
	<i>drill hole collar locations and appropriate sectional views.</i>	
<i>Balanced reporting</i>	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	All results received and compiled to date are reported in this release. Drilling is ongoing with further results expected to provide a more detailed assessment of the mineralised zones.
<i>Other substantive exploration data</i>	Other exploration data, if meaningful and material, should be reported including but not limited to: geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics and potential deleterious or contaminating substances.	This report relates to drill data reported from this program.
<i>Further work</i>	- The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). - Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Drilling is ongoing with further results expected. Modelling and targeting is underway for further extensions of the Northwest Zone