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29 January 2021

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

ACTIVITIES REPORT FOR THE QUARTER ENDED

31 December 2020

HIGHLIGHTS

Bowdens Silver Project, New South Wales

- **As previously announced, completion of the public submission period for the Development Application and associated Environmental Impact Statement.**
- **The Company received no objections to the Project from any of the Government agency regulators and received resounding public support for the Project.**

Bowdens Silver Exploration

- **Northwest High-Grade Zone consists of several stacked mineralised horizons 1 to 20 metres thick, with a width of approximately 200 metres, down-plunge extents confirmed over 300 metres and remains open down-plunge. Results include:**
  - **26.1 metres @ 252 g/t silver equivalent (202 g/t silver, 0.31% zinc, 1.01% lead) from 229 metres in BD20017; including:**
  - **10.1 metres @ 460g/t silver equivalent (357g/t silver, 0.47% zinc, 1.86% lead, 0.22g/t gold) from 245 metres in an epithermal breccia pipe:**
  - **4.6 metres @ 430 g/t silver equivalent (215 g/t silver, 3.1% zinc, 1.9% lead) from 230 metres in BD20012; and**
  - **2.8 metres @ 706 g/t silver equivalent (169 g/t silver, 3.2 g/t gold, 1.3% zinc, 6.5% lead) from 274 metres.**

Tuena Project, New South Wales

- **4,000 metre drilling program commenced. Initial results include:**
  - **4.0 metres @ 6.88 g/t gold from 98 metres in TRC20010.**

Webbs and Conrad Projects, New South Wales

- **Agreements entered for the sale of the Webbs and Conrad polymetallic projects.**

Silver Mines Limited COVID-19 Response

During the December 2020 quarter, Silver Mines Limited (ASX:SVL) ("Silver Mines" or "the Company") continued to carry out measures in response to the impact of the COVID-19 pandemic. The Company's priorities are to protect the health and safety of our staff, contractors and local communities, while maintaining the integrity of our business.

The Company adheres to the directives from Federal and State Government and has put in place comprehensive COVID-19 Policies and Procedures. This has allowed our current operations to continue safely and with minimal interruption.

Bowdens Silver Project

The Bowdens Silver Project is the largest undeveloped silver deposit in Australia and lies within Exploration Licence 5920, which is 100% held by the Company. The Project is located in central New South Wales, approximately 26 kilometres east of Mudgee.

In May 2020, the Company completed and submitted the Bowdens Silver Development Application and associated Environmental Impact Statement (EIS) to the New South Wales Department of Planning, Industry and Environment. The proposed development comprises an open-cut mine feeding a new processing plant with a conventional milling circuit and differential flotation to produce two concentrates that will be sold for smelting off site.

Plant capacity is designed for 2.0 million tonnes per annum with a mine life of 16.5 years. Life of mine production is planned to be approximately 66 million ounces of silver, 130,000 tonnes of zinc and 95,000 tonnes of lead.

Summary points of the EIS include:

- Considerable local economic benefits with substantial local job creation;
- Minimal impacts on surface water and groundwater during and after operations;
- An arrangement to source surplus water from nearby coalfields via a dedicated water pipeline limiting the requirement to source water locally;
- No physical human health risk issues of concern have been identified;
- A progressive rehabilitation plan has been committed to with rehabilitation occurring throughout the life of the mine;
- No significant impacts upon migratory or threatened species. The Project's biodiversity offset program will see a significant area of land conserved in perpetuity;
- Relocation of a local road around the mine site with the result that the majority of traffic would avoid the local township of Lue;
- Aboriginal Cultural Heritage assessment has been concluded in conjunction with the local Aboriginal communities, with agreement on ongoing management; and

- More broadly, the potential for amenity-related impacts would be managed over the life of the mine through a range of management commitments, monitoring and reporting.

The EIS was placed on an eight week public exhibition which concluded during the September 2020 quarter. Results from the public exhibition may be viewed at the New South Wales Department of Planning, Industry and Environment Major Projects website (https://www.planningportal.nsw.gov.au/major-projects).

From the exhibition process, the Company received no objections to the Project from any of the Government agencies and received resounding public support. The Company will be shortly responding to received submissions.

Silver Mines continues an extensive program of consultation with relevant Government departments, local communities, and other interested stakeholders. The program examines the potential impacts and benefits of exploration and development across the substantial Bowdens Silver tenement portfolio. Consultation processes focus on the current potential mine development area and the wider area where the Company is commencing or undertaking exploration programs.

Bowdens Project Exploration

Introduction

During and subsequent to the December 2020 quarter, the Company provided updates on exploration activities at the Bowdens Silver Project.

The Company reported that drilling activities at Bowdens Silver will be expanded with up to 10,000 metres of drilling targeting high-grade infill and extension silver mineralisation. Drilling is likely to continue to at least the end of the March 2021 quarter.

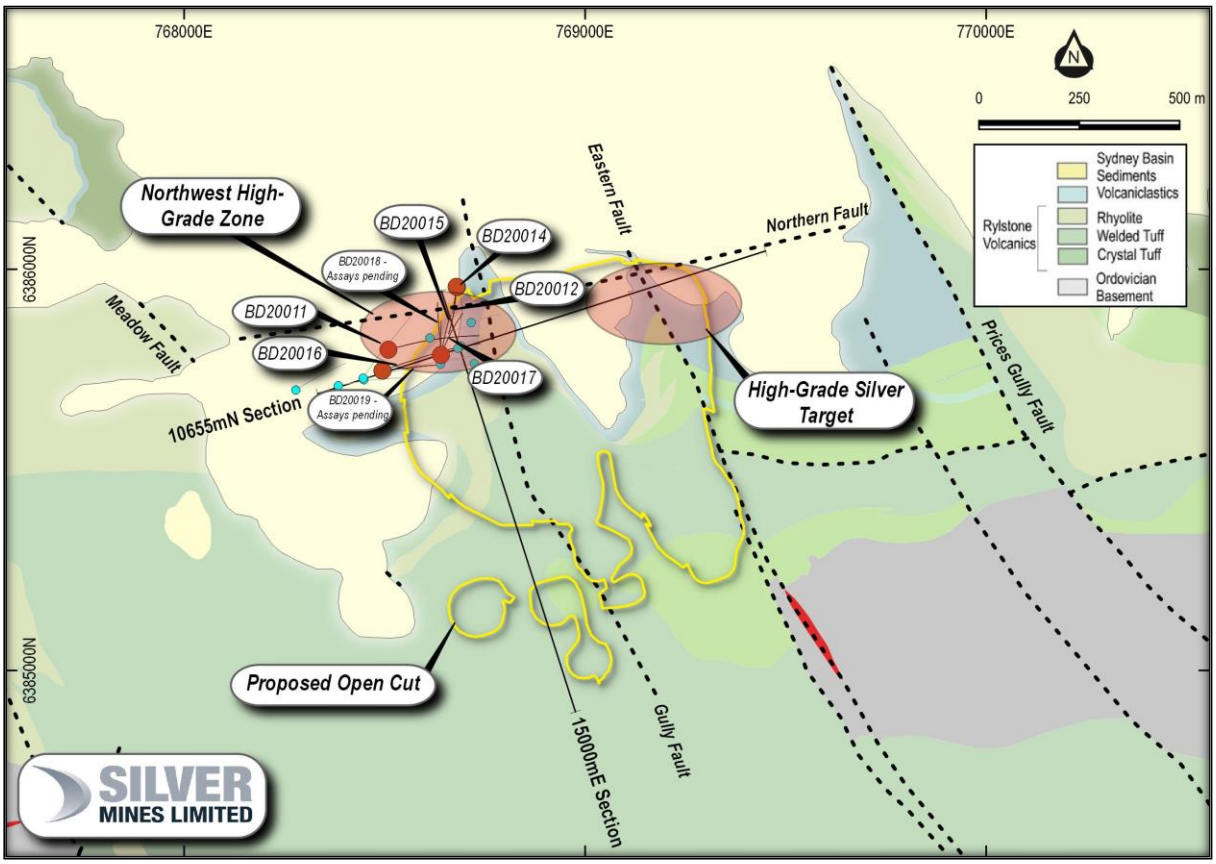

Figure 1. High-Grade silver targets at the Bowdens Silver Project.

Diamond drilling continues to test extensions of potential source/feeder structures within and around the Northwest High-Grade Zone. The Northwest Zone has previously returned spectacular high-grade silver results. The zone starts approximately 30 metres below the base of the proposed Bowdens Silver open pit and is a mineralised zone being targeted for potential high-grade silver underground mining scenarios (Refer to Figures 6 and 7).

Drilling in this zone has shown the mineralisation consists of breccia and veined sulphides dominated by silver sulphides, galena (lead sulphide) and sphalerite (zinc sulphide) within the welded tuff of the Rylstone Volcanics. Mineralisation intersected in BD20017 from 248 to 256 metres show breccia and vein textures indicative of boiling and episodic hydrothermal events. These intercepts are approximately 30 metres down and to the south of the high-grade intercept of 2.4 metres @ 701 g/t silver equivalent from BD20012 (Refer to release dated 8th October 2020) and the interpreted fluid conduit.

Figures 2, 3 and 4 show a variety of hydrothermal breccia textures of the high-grade mineralisation observed in BD20017. Gold and copper are also anomalous within this structure, with peak assays of 5.41 g/t gold and 0.44% copper. Refer to Figure 5.

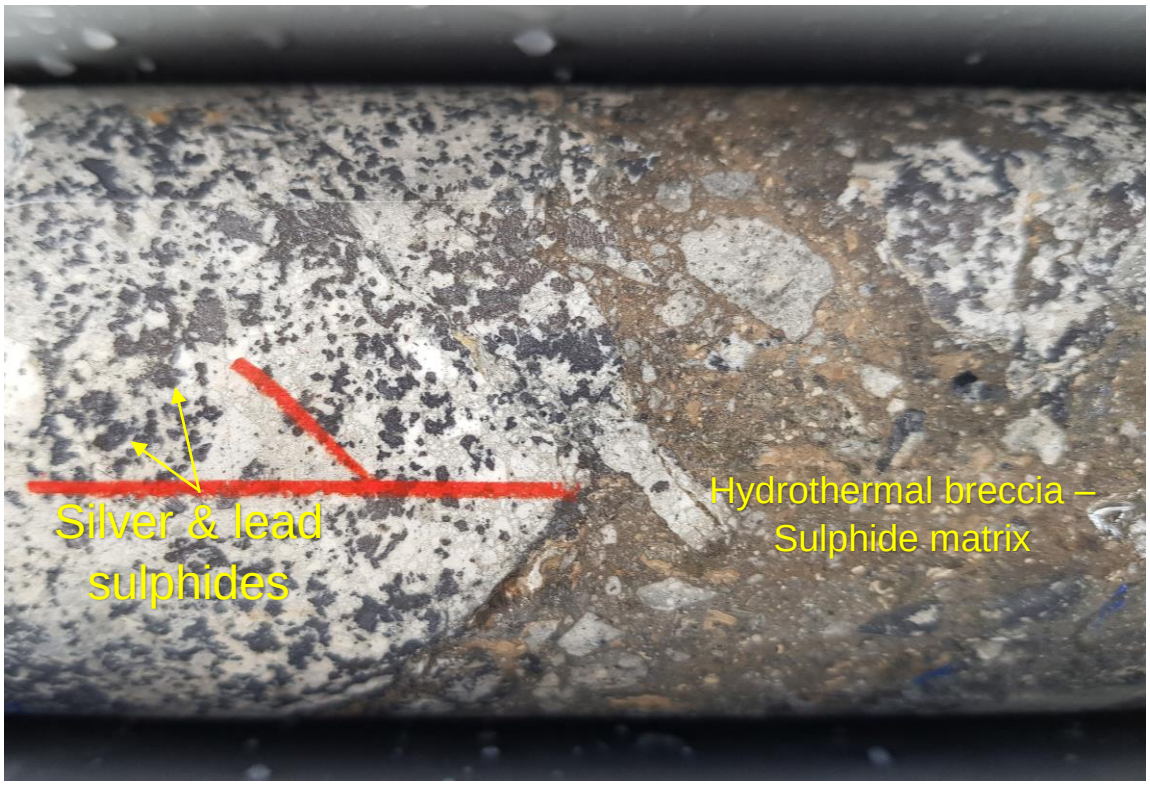

Figure 2. BD20017 from 254.1-255.1m: Epithermal textures in high grade breccia.

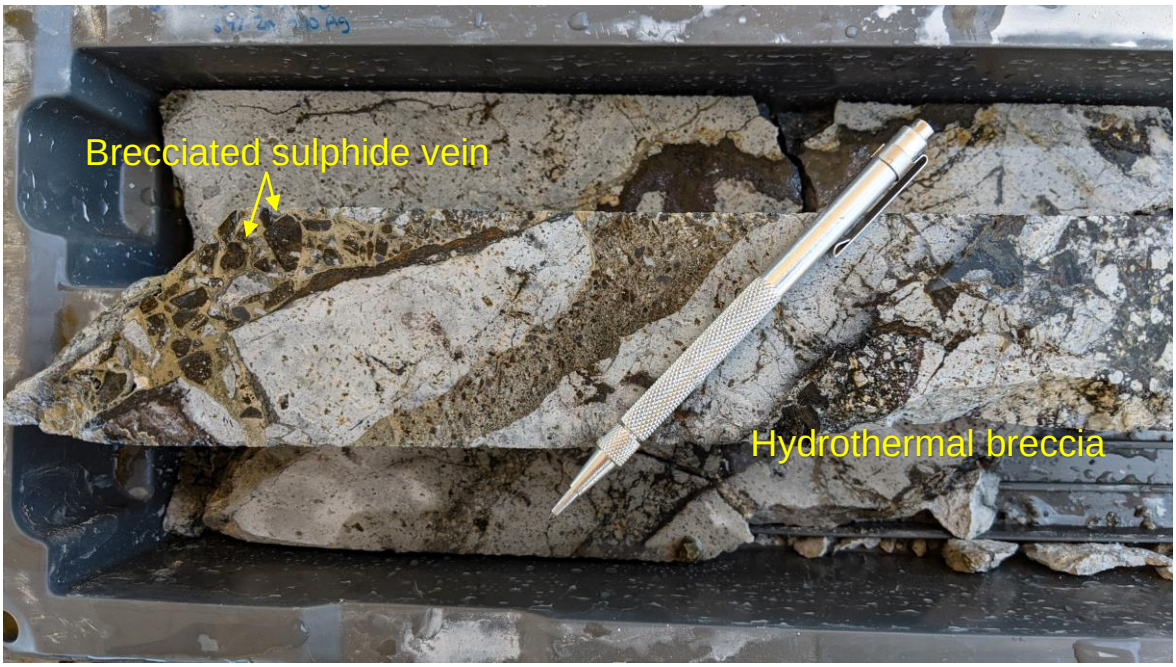

Figure 3. BD20017 from 248.8-249.9m: Epithermal textures in high grade breccia.

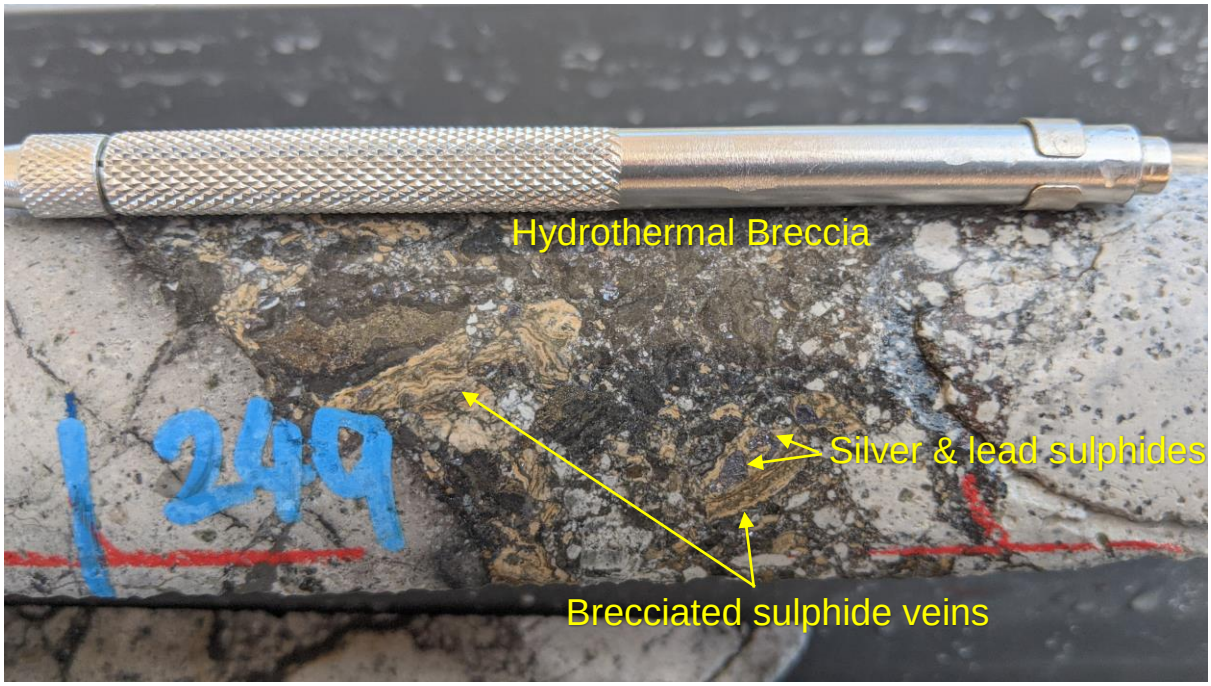

Figure 4. BD20017 from 249 metres: Epithermal textures in high grade breccia.

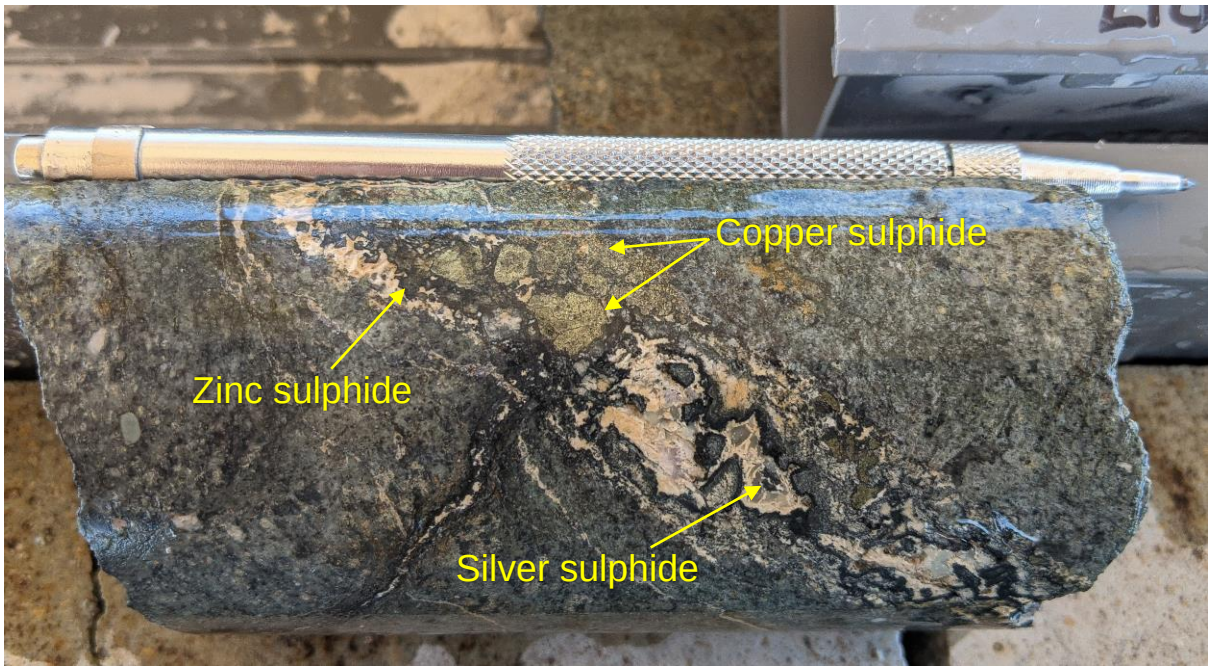

Figure 5. BD20017 from 282.9 to 283.9 metres: Epithermal textures with gold and copper.

Hole BD20016 tested a western and southern extension of BRC12037 (4 metres @ 1007 g/t silver equivalent) and intersected several narrow high-grade zones (refer to Table 1). BD20014 was drilled to extend the Northwest Zone to the north of current known limits, with significant results also shown in Table 1. Two more holes, BD20018 and BD20019, are drilled and pending completion of assay results.

Drilling is on-going with a priority to target and define the location and orientation of the feeder structures to the Bowdens Silver Deposit. This includes testing the Northwest Zone and the potential for high-grade zones linking the Northwest Zone to the Main Zone. With the latest results, the Northwest High-Grade Zone is now defined as 1 metre to 20 metres thick, 200 metres width (east to west) and continues down plunge/dip to the northwest for at least 300 metres. This zone is not yet closed off and drilling presents further potential for expansion.

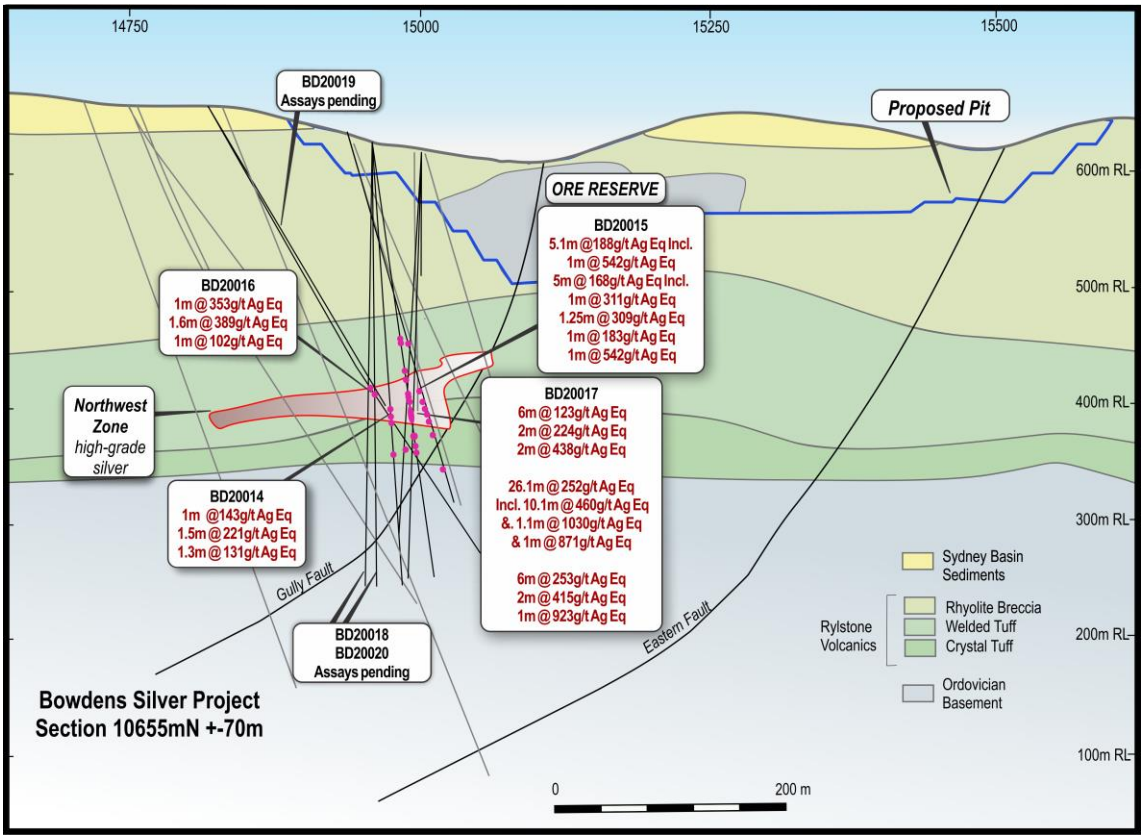

Figure 6. Cross-section 10655mN through the Northwest High-Grade silver zone with drilling.

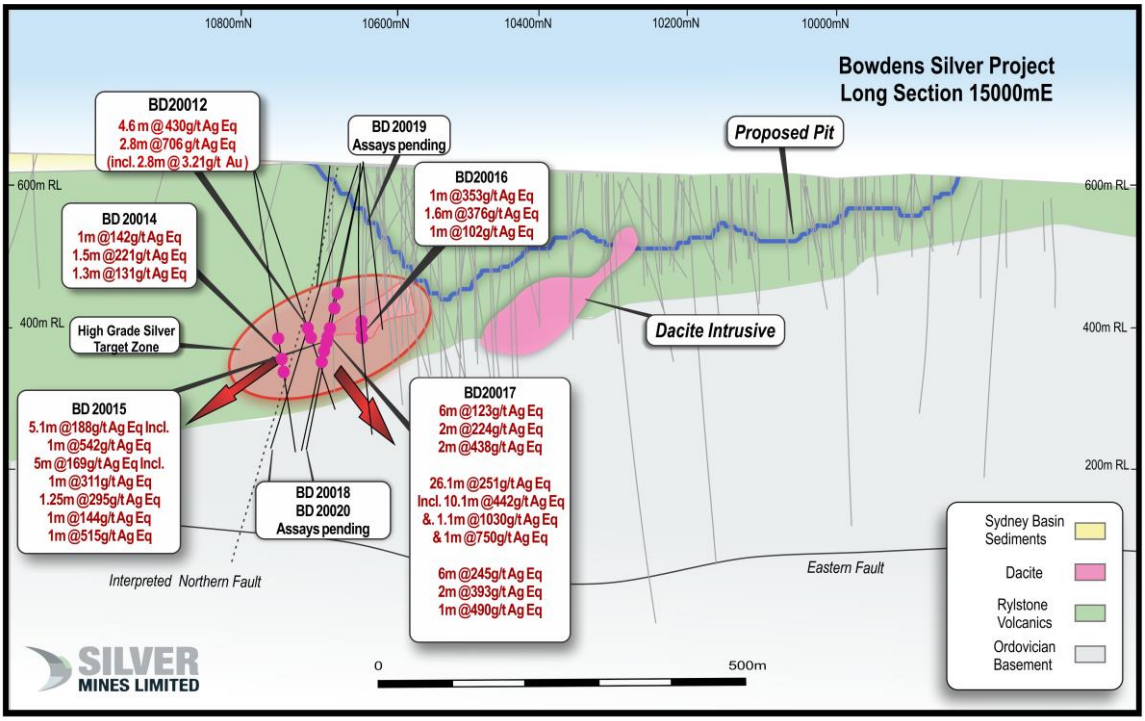

Figure 7. Long section 15000mE through the deposit showing Northwest High-Grade silver zone

Table 1. Intercept calculations from recent results from the Northwest High-Grade Zone.

Hole	From (m)	To (m)	Interval (m)	Silver (g/t)	Zinc (%)	Lead (%)	Gold (g/t)	Silver Eq (g/t)[1]
BD20011	292	293	1	131	0.16	0.19	-	145
	317	318	1	378	0.08	0.22	-	389
BD20012	230	234	4.6	215	3.06	1.87	-	430
Incl.	233.2	233.6	0.4	832	0.58	0.66	-	883
	274	**276.8**	**2.8**	**169**	**1.26**	**6.50**	**3.21**	**706**[2]
BD20014	258	259	1	139	0.04	0.04	-	143
	275.5	277	1.5	220	0.01	0.02	-	221
	279.7	281	1.3	129	0.02	0.04	-	131
BD20015	240	245.1	5.1	168	0.24	0.25	0.01	188
Incl.	**241**	**242**	**1**	**517**	**0.32**	**0.28**	**0.02**	**542**
	249	254	5	114	0.62	0.72	0.02	168
Incl.	253	254	1	225	0.62	1.64	0.04	311
	264.25	265.5	1.25	109	0.23	5.2	0.18	309[2]
	269	270	1	111	0.03	0.94	0.49	183[2]
	282	**283**	**1**	**402**	**0.02**	**3.35**	**0.33**	**542**[2]
BD20016	292	293	1	297	0.12	1.48	0.01	353
	298.4	300	1.6	315	0.47	1.13	0.16	389[2]
	317	318	1	92	0.03	0.24	-	102
BD20017	178	184	6	73	0.64	0.52	-	122
	208	210	2	169	0.17	1.39	0.01	224
	216	**218**	**2**	**382**	**0.37**	**1.11**	**0.01**	**438**
	229	**255.1**	**26.1**	**202**	**0.31**	**1.01**	**0.08**	**252**
Incl.+	**245**	**255.1**	**10.1**	**357**	**0.47**	**1.86**	**0.22**	**460**[2]
Incl.	**248.8**	**249.9**	**1.1**	**921**	**0.96**	**1.84**	**0.07**	**1030**
Incl.	**254.1**	**255.1**	**1**	**471**	**0.48**	**7.61**	**1.52**	**871**[2]
	266	272	6	162	0.24	2.13	0.1	253[2]
	277	279	2	222	0.66	4.14	0.27	415[2]
	282.9	**283.9**	**1**	**356**	**1.22**	**2.19**	**5.41**	**923**[2]

1.Bowdens' silver equivalent reported consistent with previous reports and current resource modelling based on assumptions: Ag Eq (g/t) = Ag (g/t) + 33.48*Pb (%) + 49.61*Zn (%) calculated from prices of US$20/oz silver, US$1.50/lb zinc, US$1.00/lb lead, and metallurgical recoveries of 85% silver + gold, 82% zinc and 83% lead estimated from test work commissioned by Silver Mines Limited. 2. Silver equivalent updated to also include significant gold credit assuming the same recovery as silver, with gold:silver price ratio of 80:1 based on the approximate price ratio : Ag Eq (g/t) = Ag (g/t) + 33.48*Pb (%) + 49.61*Zn (%) + 80*Au(g/t). Intercepts calculated using a 90g/t Ag cut-off and 3 metre internal dilution factor, with highest individual assay results highlighted as included within overall intercept; except where indicated with [+], which is the high-grade breccia zone intersected in BD20017.

For further information refer to ASX releases of 8th October 2020 and 25th January 2021.

Further Exploration

Drilling continues to test other high-grade silver targets around the current resource and extensions at depth. The base-metal and gold bearing Bundarra zone remains open to the south and down-dip to the west of previous drilling, with BD20001 drilled in early 2020 (Refer to release dated 8th April 2020) proving the Bowdens system is developed extensively at depth to the west.

Regional exploration activities, around the Bowdens Silver Deposit, have continued through the latter half of 2020 in accordance with the Company's COVID-19 policies. A detailed gravity survey was completed over the Deposit area and surrounds. The increased survey resolution will assist with the interpretation of the controlling structures and possible source intrusives in the area. This data and updated models, once received from the Company's geophysical consultant, will aid in targeting new silver deposits in proximity to the Bowdens Silver Deposit.

Barabolar Project

During the December 2020 quarter, the Company continued desktop activities on the Barabolar Project, which is located approximately 26 kilometres east of Mudgee in central New South Wales and 10 kilometres northwest of the Company's Bowdens Silver Project (refer Figure 8 and 9).

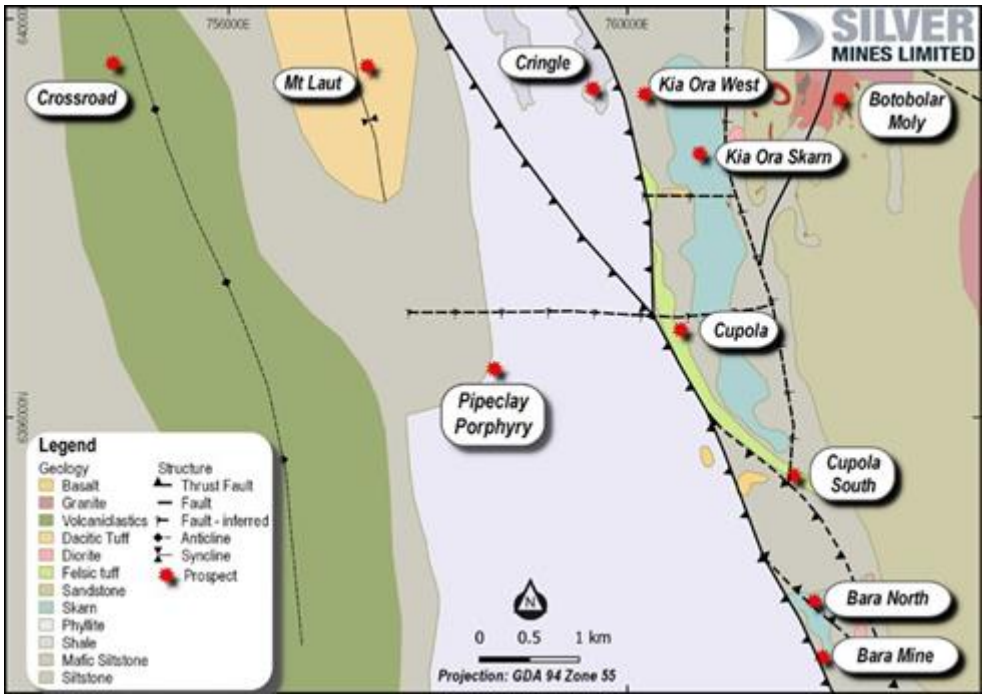

Figure 8. Barabolar Project geology with prospects.

Due to the COVID-19 pandemic the planned drilling at Barabolar has been put on-hold. However, the Barabolar Project remains a compelling target area with a considerable hydrothermal footprint, and the Company is continuing with desktop studies and application of R&D technologies in this area.

About the Bowdens Silver and Barabolar Projects

The Bowdens Silver Project and Barabolar Projects are located in central New South Wales, approximately 26 kilometres east of Mudgee (see Figure 9). The consolidated project area comprises 2,007 km^2 (496,000 acres) of titles covering approximately 80 kilometres of strike of the highly mineralised Rylstone Volcanics and underlying sediments, intrusions and volcanics of the Macquarie Arc. Multiple target styles and mineral occurrences have potential throughout the district including analogues to Bowdens Silver, high-grade silver-lead-zinc epithermal, volcanogenic massive sulphide (VMS) systems and copper-gold targets.

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

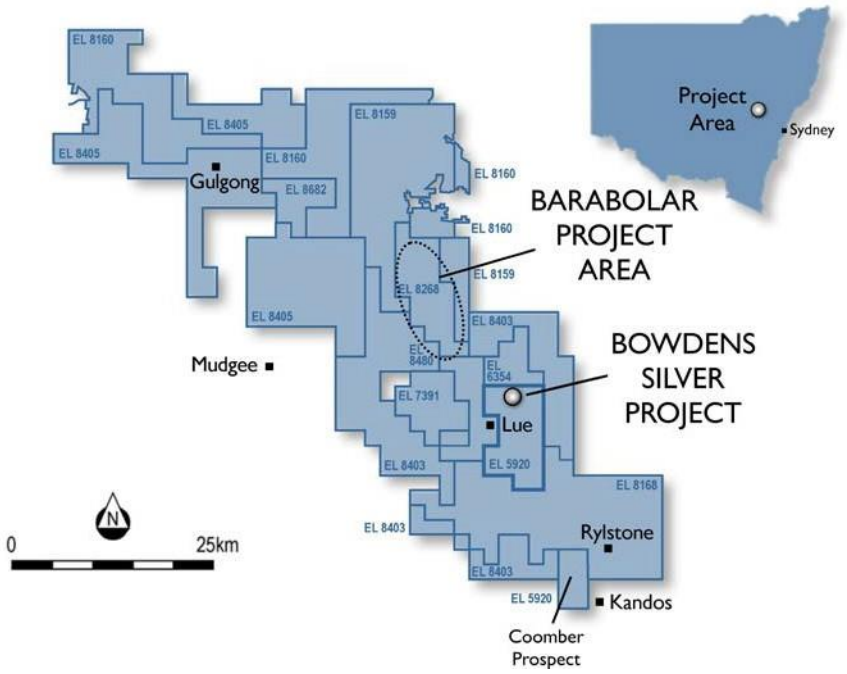

Figure 9. Silver Mines Limited tenement holdings in the Mudgee district.

Tuena Gold Project

The Tuena Gold Project is located 80 kilometres south of the city of Orange in New South Wales (Refer to Figure 10).

The Tuena area was the scene of a historic gold rush, with gold extracted from narrow high-grade gold reefs over greater than 5 kilometres of strike length. The Company has completed reconnaissance mapping, rock sampling and soil geochemistry; as well as flown a detailed magnetic survey. The Company has defined >15 individual zones with anomalous gold in soil sampling associated with historic workings. Rock samples have also returned highly anomalous gold results at Peeks Reef (up to 76.4 g/t Au in rock sampling), Cooper & McKenzie and the Eastern Prospects (Refer to release dated 23th October 2019).

During the December quarter, the Company commenced a 20 hole 4,000 metre drill program designed to test beneath several of the historic hard-rock gold workings and associated geochemistry anomalies along an extensive 5.4 kilometre by 1.5-kilometre shear complex within EL8526 (refer to Figure 10). In addition, two targets, at Lucky Hit South and Markham's Prospects, have been identified with both gold and base-metal pathfinder signatures. Both prospects adjoin historic workings at Lucky Hit and Markham's Hill respectively and are clearly defined by soil chemistry with anomalism of silver, bismuth, lead, tellurium and gold (refer release dated 19 May 2020). These targets are being tested for bulk-tonnage gold mineral systems and have a comparable signature and scale to the McPhillamy's Gold Project (Regis Resources) located north of the Tuena Gold Project.

Drilling has encountered multiple potentially mineralised structures beneath historic workings comprising quartz and carbonate veining with or without pyrite (iron sulphide). A substantial intercept of **4 metres @ 6.88 g/t gold (from 98 metres)**, with a peak assay of 25g/t gold over 1 metre was intersected in TRC20010 beneath the Garnet Mine Prospect (refer to Figure 11) with multiple intercepts < 0.5 g/t gold returned in TRC20009 and TRC20010 suggesting that other gold bearing structures are proximal.

Alteration throughout the project area is moderate to strong (chlorite, epidote and carbonate) suggesting that a substantial hydrothermal system has affected the area. Results from this initial program will guide potential follow-up drilling to test the extents of gold encountered. A number of drill holes are awaiting assay results and will be reported in due course.

This program represents the first modern drilling to be completed in the Tuena project area. However, in recent years there have been substantial gold discoveries made along the strike of the Copperhannia Fault including the McPhillamy's deposit to the north of Tuena (Regis Resources) and the Cullarin discovery to the south (Sky Metals) (refer Figure 10).

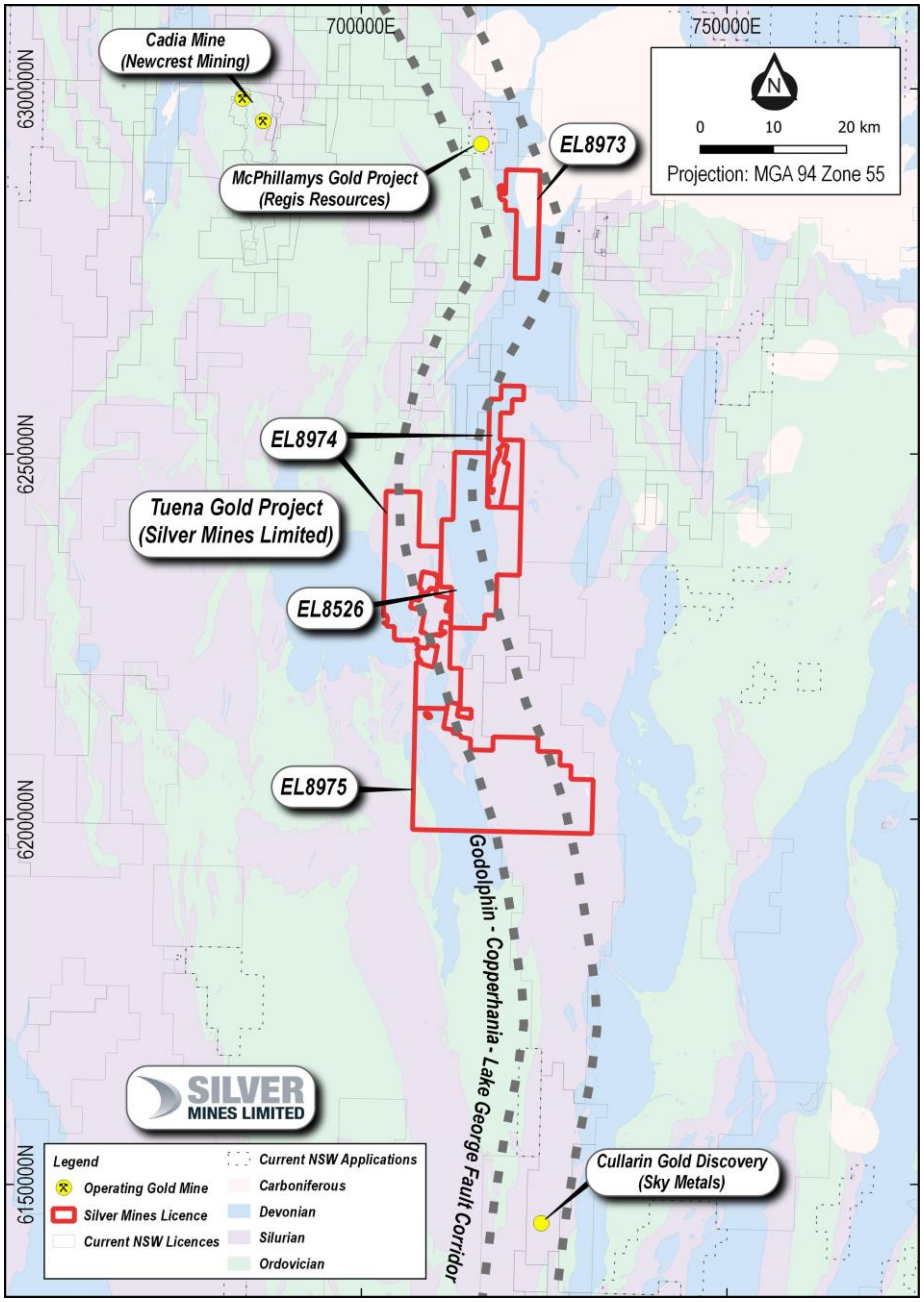

Figure 10: Tuena Gold Project regional setting.

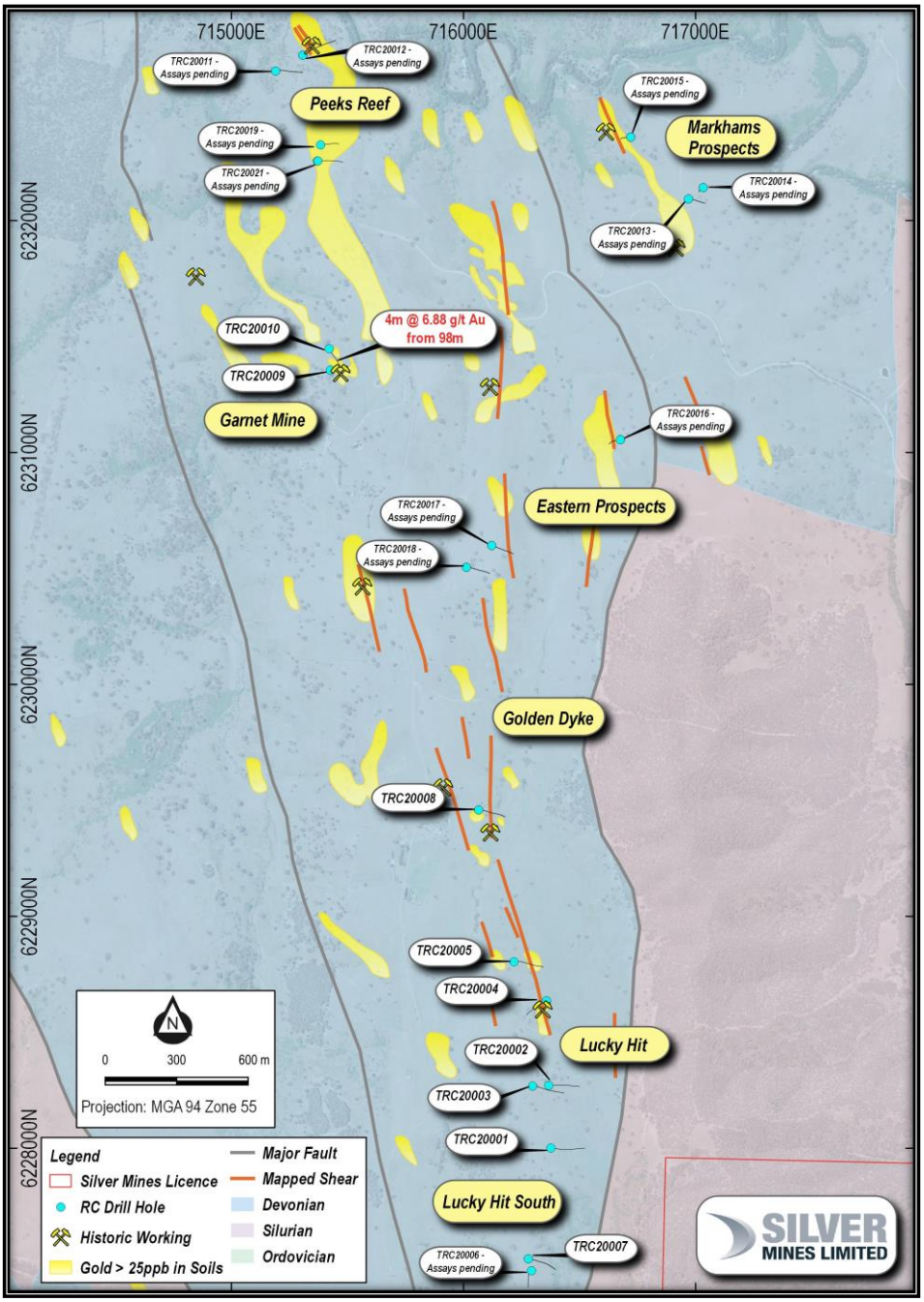

Figure 11. Tuena Gold Project planned drilling with regional insert.

About the Tuena Gold Project

The Tuena Gold Project is a regional exploration project that consists of a four exploration licenses covering 747 square kilometres. The project is 100% owned by Silver Mines Limited and is located in the Southern Tablelands of New South Wales, 180 kilometres west of Sydney, 80 kilometres south of Orange and 150 kilometres southwest of the Company's primary assets the Bowdens Silver Project and the Barabolar Project. Tuena was the site of a mid-1800s alluvial and hard-rock gold rush. A cluster of historic workings closely associated with the major Copperhania Thrust Fault extend over an area approximately six kilometres by four kilometres. The Company is targeting the region for large structurally controlled gold deposits analogous to the nearby McPhillamys Gold Deposit.

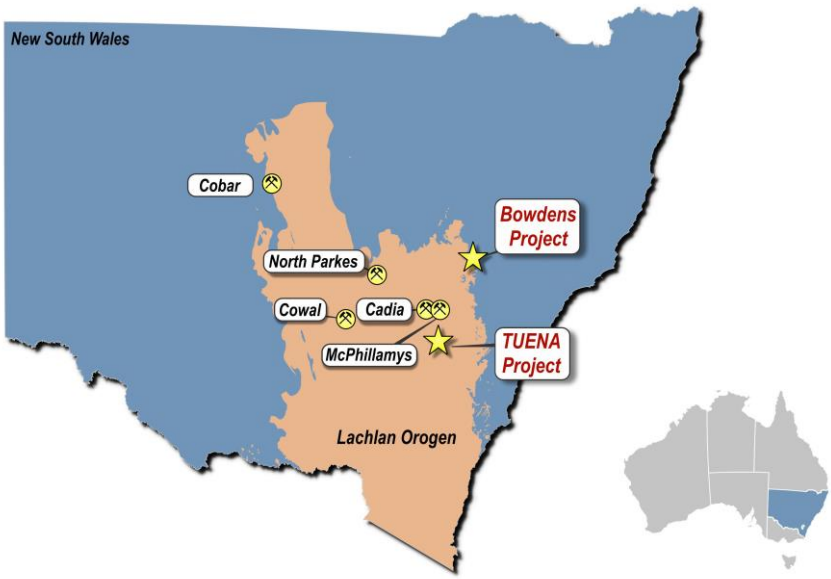

Figure 12. Silver Mines Limited project in the Lachlan Orogen.

Table 2. Table of drill collars for the Tuena RC drill program.

Target	Hole ID	GDA94 East	GDA94 North	RL (m)	Dip	Azimuth (grid)	Depth (m)	Drill Type	Comment
Lucky Hit South	TRC20001	716376	6228001	675	-60	90	198	RC	Assays received – no significant results
Lucky Hit	TRC20002	716367	6228271	646	-60	90	201	RC	Assays received
Lucky Hit	TRC20003	716297	6228268	639	-65	90	200	RC	Assays received
Lucky Hit	TRC20004	716357	6228636	634	-60	250	200	RC	Assays received– no significant results
Lucky Hit	TRC20005	716217	6228804	630	-70	70	216	RC	Assays received– no significant results
Lucky Hit South	TRC20006	716293	6227472	640	-75	270	200	RC	*Awaiting Assays*
Lucky Hit South	TRC20007	716279	6227523	644	-75	90	200	RC	Assays received– no significant results
Golden Dyke South	TRC20008	716065	6229459	606	-75	86	200	RC	Assays received
Garnet Mine	TRC20009	715426	6231355	574	-75	65	200	RC	Assays received
Garnet Mine	TRC20010	715421	6231447	564	-70	150	200	RC	Assays received
Peeks Reef	TRC20011	715190	6232644	501	-75	60	222	RC	*Awaiting Assays*
Peeks Reef	TRC20012	715307	6232713	509	-75	60	222	RC	*Awaiting Assays*
Markhams	TRC20013	716969	6232093	544	-80	67	174	RC	*Awaiting Assays*
Markhams	TRC20014	717033	6232142	553	-70	247	198	RC	*Awaiting Assays*
Markhams	TRC20015	716720	6232360	535	-80	270	180	RC	*Awaiting Assays*
Eastern Prospects	TRC20016	716676	6231055	603	-75	265	198	RC	*Awaiting Assays*
Eastern Prospects	TRC20017	716121	6230599	615	-75	83	198	RC	*Awaiting Assays*
Eastern Prospects	TRC20018	716012	6230505	625	-75	83	198	RC	*Awaiting Assays*
Peeks Reef	TRC20019	715384	6232326	540	-75	75	198	RC	*Awaiting Assays*
Peeks Reef	TRC20020	715370	6232257	544	-70	75	15	RC	Hole abandoned (redrilled as TRC20021)
Peeks Reef	TRC20021	715372	6232257	544	-70	75	198	RC	*Awaiting Assays*

Table 3. Intercept calculations of recent results from Tuena RC Drilling.

Hole	From (m)	To (m)	Interval (m)	Gold (g/t)	Silver (g/t)
TRC20002	128	129	1	0.13	<0.5
TRC20003	88	89	1	0.19	<0.5
TRC20008	97	98	1	0.20	<0.5
TRC20009	10	11	1	0.12	<0.5
	12	13	1	0.12	<0.5
	34	36	2	0.17	<0.5
	49	51	2	0.40	<0.5
TRC20010	**98**	**102**	**4**	**6.88**	**<0.5**
Incl.	**98**	**99**	**1**	**25.0**	**5.2**
and	**99**	**100**	**1**	**1.72**	<0.5
	107	108	1	0.16	<0.5
	111	113	2	0.26	<0.5
	153	154	1	0.20	<0.5

Intercepts calculated using a 0.10g/t Au cut-off with no internal dilution factor, with highest individual assay results highlighted as included within overall intercept.

Webbs and Conrad Projects

During the December 2020 quarter the Company announced that it had 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 ("Conrad"), both located in the New England region of New South Wales. The Term Sheet was superseded by definitive agreements as reported on 27th January 2021.

Transaction

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

The Consideration for the Sale Interest will comprise:

(a) a non-refundable payment of A$50,000 to be paid to Silver Mines within five Business Days of signing the binding Term Sheet (paid);

(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$9.4 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; vesting 12 months after the date of issue; and which shall be issued on Completion;

Both parties have completed due diligence and have elected to proceed with the transaction.

Completion is subject to a number of conditions precedent including:

(a) Approval from shareholders of Thomson Resources to the issue of the equity part of the Consideration including for the purposes of Listing Rule 7.1;

(b) stand-still obligations; and

(c) any Ministerial approvals required.

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.

Completion of the transaction is expected during March 2021.

Research and Development and NSW New Frontiers Cooperative Drilling Grants

The Company has an active research and development ("R&D") program to better map and understand the Permian volcanics and basement Palaeozoic (Ordovician and Silurian) rocks of the Company's exploration licenses. The R&D programs are on-going and have, over the past three years, involved collaboration between Silver Mines' researchers and researchers from the University of Technology Sydney, the University of New South Wales and Macquarie University. Several industry consultants and data collection contractors have also assisted in analysing and providing base datasets for the R&D program.

The R&D project involves developing innovative new technology and processes, which have been applied to geological studies on the Bowdens Silver Deposit and particularly the basement rocks and the search for a porphyry source or feeder structure. In addition, research has been applied to the Barabolar Project area and elsewhere in the Company's portfolio including Tuena. The Company has developed and continues to develop new technologies for multivariate geochemical analysis; automated mapping of geology from geochemistry data; and predictive geochemistry modelling using machine learning techniques. These R&D programs have developed further hypotheses for mineralisation in areas such as basement rocks beneath the main volcanic host at the Bowdens Silver Deposit; Bowdens northern and north-westerly extensions; and several targets in the Barabolar Corridor including the Cringle prospect area. Much of the Company's exploration drilling is considered as a test of hypotheses and targets developed under these R&D programs.

During the December 2020 quarter, the development and testing of the machine learning predictive geochemistry technology and integration with recently acquired gravity data continued. The current drill programs at Bowdens are on targets generated under this work and based on the integration of technologies and data. The Company is now establishing programs to test its machine learning technologies on targeting outside of the Bowdens-Barabolar district to establish if such technologies have transferable applications to other geological domains. In particular, the Tuena Gold Project, with a multi-element association of gold mineralisation along with complex structure, is being used as a further test site with drill targets associated with multi-element anomalism being generated, in part, by these technologies.

Corporate

Issue of fully paid ordinary shares

During the December 2020 quarter, new fully paid ordinary shares were issued after the below SVLOB options, with an exercise price of $0.06 per share, were exercised:

- 64,848 shares issued on 2 November 2020;
- 753,640 shares issued on 8 December 2020; and
- 487,000 shares issued on 18 December 2020.

Further shares were issued to related parties of the Company on 8 December 2020 as follows:

- 500,000 shares to be issued to related parties of the Company in connection with the placement conducted by the Company and announced to the market on 27 May 2020. Shareholders approved the issue to the related parties of the Company at the Annual General Meeting on 27 November 2020; and

- 10,000,000 shares were issued to a Director of the Company, as deferred consideration in accordance with the share sale and purchase deed dated 3 May 2016 which effected the purchase of Bowdens Silver. Shareholders approved this issue at the Annual General Meeting of the Company on 27 November 2020.

Waiver

On 27 November 2020, shareholders approved at the Annual General Meeting of the Company (**Approval**) a waiver granted by ASX Listing Compliance on 28 October 2020 (**Waiver**). The Waiver relates to the issue of 10,000,000 fully paid ordinary shares (**Deferred Consideration Shares**) in the Company to be issued to a Director of the Company in accordance with the provisions of the share sale and purchase deed dated 3 May 2016 (**Deed**), which effectuated the purchase of the Bowdens Silver Project. In accordance with the Deed the Deferred Consideration Shares are to be issued upon:

- achievement of the mining lease granted by the NSW Department of Planning, Industry and Environment pursuant to the *Mining Act 1992* (NSW) in connection with Bowden Silver Project; or
- a change of control milestone such as a takeover bid pursuant to section 9 of the *Corporations Act 2001* (Cth),
  (collectively, **Milestones**)

The Company confirms the Deferred Consideration Shares have not been issued in the December Quarter. The Deferred Consideration Shares may only be issued if either of the Milestones are achieved and occur in the period that is 24 months from the date that Approval is obtained.

Appendix 5B

As set out in the attached Appendix 5B, exploration expenditure during the quarter totalled A$1,569,000. Payments to related parties totalling A$193,000 consisted of remuneration paid to executive and non-executive directors and an associate of a director under respective service agreements.

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

Further information:

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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 from the Bowdens, Barabolar and Tuena projects is based on information compiled by the Bowdens Silver team and reviewed by Dr Darren Holden who is an advisor to the Company. Dr 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). Dr Holden consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Tenement Information as at 31 December 2020

Tenement	Project Name	Location	Silver Mines Ownership	Change in Quarter
EL 5920	Bowdens Silver	NSW	100%	-
EL 6354	Bowdens Silver	NSW	100%	-
EL 8159	Bowdens Silver	NSW	100%	-
EL 8160	Bowdens Silver	NSW	100%	-
EL 8168	Bowdens Silver	NSW	100%	-
EL 8268	Bowdens Silver	NSW	100%	-
EL 7391[1]	Bowdens Silver	NSW	0%	-
EL 8403	Bowdens Silver	NSW	100%	-
EL 8405	Bowdens Silver	NSW	100%	-
EL 8480	Bowdens Silver	NSW	100%	-
EL 8682	Bowdens Silver	NSW	100%	-
EL 8526	Tuena	NSW	100%	-
EL 8973	Tuena	NSW	100%	-
EL 8974	Tuena	NSW	100%	-
EL 8975	Tuena	NSW	100%	-
EL 5674	Webbs	NSW	100%	-
EPL1050	Conrad	NSW	100%	-
EL 5977	Conrad	NSW	100%	-
ML 6040	Conrad	NSW	100%	-
ML 6041	Conrad	NSW	100%	-
ML 5992	Conrad	NSW	100%	-

1. Under joint venture with Thomson Resources Limited (TMZ). Silver Mines Limited (SVL) earning 80%.

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Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *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.*	Diamond Drilling – Bowdens: • Sampling taken continuously downhole from PQ and HQ diameter diamond core. • PQ size core – all samples taken as nominal 2 metre intervals, or as otherwise defined by logged geology intervals, from quarter cut core. • HQ size core – all samples taken as nominal 1 metre intervals where mineralisation observed from half cut core, or as composite 2 metre samples of quarter core, or as otherwise defined by logged geology intervals and from the same side of the core where downhole orientations permit. • Samples vary in weight but are generally between 2 and 4 kilograms of material. • Each sample was sent for multi-element assay using ICP technique (ME-ICP61) with the entire sample pulverized and homogenized with a 25g extract taken for assay. • Select samples were also sent for gold using fire assay technique (Au-AA25) with a 30g sample taken for assay. • Assays are considered representative of the sample collected. RC Drilling – Tuena: • Samples collected on a 1 metre interval from a rotary cone splitter. • Samples vary in weight but are generally between 1 and 3 kilograms of material. • Each sample was sent for multi-element assay using ICP technique (ME-ICP61) with the entire sample pulverized and homogenized with a 25g extract taken for assay. • Each sample was also sent for gold using fire assay technique (Au-AA25) with a 30g sample taken for assay.

Criteria	JORC Code explanation	Commentary
		• Assays are considered representative of the sample collected.
Drilling techniques	• *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 – Bowdens: • Diamond drilling undertaken using PQ and HQ diamond core rig with triple tube used. • All core, excluding PQ size, where unbroken ground allows, is oriented by drilling team and an orientation line drawn along the base of the hole. RC Drilling – Tuena: • RC drilling utilised a 4.5 inch (112.5mm) sampling bit with a 4 inch (100mm) hammer.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *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.*	Diamond Drilling – Bowdens: • Core recovery is estimated at greater than 98%. • Some zones, (less than 5%) were broken core with occasional clay zones where 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. RC Drilling – Tuena: • Samples are weighed by the laboratory on receipt and in the field for the effect of water. • 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.*	Diamond Drilling – Bowdens: • All diamond core is logged using lithology, alteration, veining, mineralisation and structure, including geotechnical structure. • All core is photographed using both a wet and dry image. • In all cases the entire hole is logged by a geologist. RC Drilling – Tuena: • RC chip samples are logged using lithology, alteration, veining and

Criteria	JORC Code explanation	Commentary
		mineralisation. • All chip trays are photographed. • In all cases 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.*	Diamond Drilling – Bowdens: • Selective sub-sampling based on geology to a maximum size of 2 metres and a minimum of 0.3 metres. • 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. • For HQ core the half 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. RC Drilling – Tuena: • RC samples are collected from a rotary cone splitter at a 12% split. Both a primary and a secondary sample are collected from the splitter (total of 24% split) with the primary sample being sent for laboratory assay and the secondary sample being kept as a library record. • The cyclone/splitter system is checked periodically throughout each hole and cleaned when necessary. To assess the representation of material sampled a duplicate 12% split sample is collected from a secondary - sample chute on the opposite side of the rotary cone splitter at the rate of 1/20.
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,*	Diamond Drilling – Bowdens: • Samples dispatched to ALS Global in Orange NSW for sample preparation and analysis. Some sample batches were then on shipped to ALS Global in Adelaide, Brisbane and Townsville due to the high volume within the Orange Lab. • Site standards and blanks are inserted at a rate of 8 per 100 samples, and duplicates are inserted at a rate of 5 per 100 samples to check

Criteria	JORC Code explanation	Commentary
	blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	quality control. Laboratory standards and blanks are inserted every 25 samples. RC Drilling – Tuena: • Samples dispatched to ALS Global in Orange NSW for sample preparation and analysis. Some sample batches were then on shipped to ALS Global in Adelaide, Brisbane and Townsville due to the high volume within the Orange Lab. • Site standards and blanks are inserted at a rate of 2 per 100 samples, and duplicates are inserted at a rate of 5 per 100 samples to check quality control. Laboratory standards and blanks are inserted every 25 samples.
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.*	Diamond Drilling – Bowdens: • Significant intersections calculated by Bowdens Silver geologists. • All geological logging is entered digitally before inputting into a Maxwell Geoservices database schema. • Primary assay data is sent electronically from the laboratory 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. RC Drilling – Tuena: • Significant intersections calculated by Bowdens Silver geologists. • All geological logging is entered digitally before inputting into a Maxwell Geoservices database schema. • Primary assay data is sent electronically from the laboratory 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.

Criteria	JORC Code explanation	Commentary
		• 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.*	Diamond Drilling – Bowdens: • The collar position is initially surveyed using hand-held GPS with accuracy of +- 3 metres. • Locations were later collected by Real Time Kinetic by VRS to an accuracy of +- 1 centimetre. • Down hole surveys collected every 30 metres using an electronic downhole reflex survey camera. • The terrain includes steep hills and ridges with a digital elevation model derived from a combination of locally flown LIDAR and publically available point cloud data. • All collars recorded in MGA94 zone 55. RC Drilling – Tuena: • The collar position is surveyed using hand-held GPS with accuracy of +- 3 metres. • Down hole surveys collected every 30 metres using an electronic downhole reflex survey camera. • The terrain includes steep hills and ridges with a digital elevation model derived from publically available point cloud data. • All collars recorded in MGA94 zone 55.
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.*	Diamond Drilling – Bowdens: • This drilling relates to exploration drilling of the Northwest High-Grade Silver Zone as defined by previous drilling at the Bowdens Deposit. Drilling is not defined to a set spacing. RC Drilling – Tuena: • This drilling relates to exploration drilling of the Tuena Gold Project and is not defined to a set spacing.
Orientation of data in	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Diamond Drilling – Bowdens: • Drill orientation was designed to intersect the projection of the major

Criteria	JORC Code explanation	Commentary
relation to geological structure	• *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.*	structural controls to the Deposit. • An interpretation of the mineralisation has indicated that no sampling bias has been introduced. RC Drilling – Tuena: • Drill orientation was designed to intersect the main structures identified from the trend of historic workings. • An interpretation of the mineralisation has indicated that no sampling bias has been introduced.
Sample security	• *The measures taken to ensure sample security.*	Diamond Drilling – Bowdens: • All samples bagged on site under the supervision of the senior geologist with sample bags tied with cable ties before being driven by site personnel to the laboratory in Orange, NSW (~200 kilometres from the site). RC Drilling – Tuena: • All samples bagged on site under the supervision of Rangott Mineral Explorations geologists with sample bags tied with cable ties before being driven by a site contractor to the laboratory in Orange, NSW (~80 kilometres from the site).
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	Diamond Drilling – Bowdens: • The drilling campaign and drill work includes on-going internal auditing with advice taken on process from external advisors. RC Drilling – Tuena: • 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.*	Diamond Drilling – Bowdens: • The Bowdens Resource is located wholly within Exploration Licence No 5920, held wholly by Silver Mines Limited and is located approximately 26 kilometres 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 EL5920 • The project has a 0.85% Gross Royalty over 100% of EL5920. RC Drilling – Tuena: • The Tuena Project is located entirely within Exploration Licence No EL8526, held wholly by Silver Mines Limited, through its subsidiary Tuena Resources Limited, and is located approximately 80km south of Bathurst, New South Wales. • The tenement is in good standing. • The project has a 1.00% Gross Royalty over 100% of EL8526.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Diamond Drilling – Bowdens: • The Bowdens project was previously managed by Kingsgate Consolidated and Silver Standard Ltd, however the new results under this table are based on work conducted solely by Silver Mines/Bowdens Silver. RC Drilling – Tuena: • Drilling results from Tuena reported under this table is based on work conducted solely by Silver Mines/Tuena Resources.
Geology	• *Deposit type, geological setting and style of mineralisation.*	Diamond Drilling – Bowdens: • The Bowdens Deposit is a low sulphidation epithermal base-metal and silver system hosted in Permian aged Volcanic rocks. • Mineralisation includes veins, shear veins and breccia zones within

Criteria	JORC Code explanation	Commentary
		tuff and ignimbrite rocks. • Mineralisation is overall shallowly dipping (~15 degrees to the north) with high-grade zones preferentially following a volcanic dome. There are several vein orientations within the broader mineralised zones including some areas of stock-work veins. • The mineralisation reported in this release is hosted in the main Rylstone Volcanics which unconformably overlie the Ordovician Coomber Formation (sediments). The mineralization reported in this report is related to Bowdens and represents a higher-temperature zone. RC Drilling – Tuena: • The Tuena Project consists of Devonian and Silurian age volcanics and sedimentary rocks which have been regionally and locally deformed during the Tabberabberan orogeny. This has resulted in regional folding and multiple generations of faulting associated with the major Copperhannia Thrust on the western side of the tenement. • Mineralisation is defined by the existence of historic shafts and audits, and can be observed at surface as structurally controlled shear or vein systems hosted within deformed sediments and volcanics.

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;*
	  ○ *elevation or RL (Reduced Level elevation above sea level in metres) of the drill hole collar;*
	  ○ *dip and azimuth of the hole;*
	  ○ *down hole length and interception depth; and*
	  ○ *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.*
		Diamond Drilling – Bowdens:
		
		• All information is included in Table 1 of this report above.
		
		RC Drilling – Tuena:
		
		• All information is included in Table 2 and Table 3 of this report above.

Criteria	JORC Code explanation	Commentary
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.*	Diamond Drilling – Bowdens: • Intersection calculation are weighted to sample length. The average sample represents 1 metre of drill core. • Reported intersections are based on a cut off of 90g/t silver with no internal dilution factors • No top cutting of data or grades was undertaken in the reporting of these results. RC Drilling – Tuena: • Intersection calculation are weighted to sample length. All samples represent 1 metre lengths. • Reported intersections are based on a cut off of 0.1g/t gold with no internal dilution factors • No top cutting of data or grades was undertaken in the reporting of these results.
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').*	Diamond Drilling – Bowdens: • Mineralisation is both stratabound and vein hosted. The stratigraphy dips moderately to the north within the volcanics and moderately to the west in the basement units, while the majority of mineralised veins dip west. Some individual veins intersected were sub-parallel (~10 to 20 degrees to core axes). However, given the stratigraphic controls on the zone, the drilling width is estimated to be 100 to 140% of true-width for stratabound mineralized zone. RC Drilling – Tuena: • The principal mineralized structures appear to strike NW to SE and as such the soil sampling grids are conducted perpendicular to geological orientation.
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 drill hole collar locations and appropriate sectional views.*	Diamond Drilling – Bowdens: • Maps and cross sections provided in the body of this report. RC Drilling – Tuena: • Maps provided in the body of this report.

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *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.*	Diamond Drilling – Bowdens: • All results received and compiled to date are reported in this release. Drilling is on-going with further results expected. RC Drilling – Tuena: • All results received and compiled to date are reported in this release. Drilling is on-going with further results expected.
Other substantive exploration data	• *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.*	Diamond Drilling – Bowdens: • This report relates to drill data reported from this program. RC Drilling – Tuena: • This report relates to drill data reported from this program.
Further work	• *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.*	Diamond Drilling – Bowdens: • This report relates to a drill program that is designed to test the extension and explore for further zones to the Northwest High-Grade Silver Zone situated beneath the Bowdens Silver Deposit. Drilling is on-going with further results pending. RC Drilling – Tuena: • This report relates to a drill program that is reconnaissance in nature and designed to test the presence of gold at depth below historic workings. Further results are pending.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
Silver Mines Limited	
ABN	**Quarter ended ("current quarter")**
45 107 452 942	31 December 2020

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (6-months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	87	130
1.2	Payments for		
	(a) exploration & evaluation (if expensed)*		
	(b) development		
	(c) production		
	(d) staff costs	(462)	(898)
	(e) administration and corporate costs	(356)	(606)
1.3	Dividends received (see note 3)		
1.4	Interest received	32	64
1.5	Interest and other costs of finance paid	(10)	(20)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	25	276
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(684)**	**(1,055)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(59)	(59)
	(d) exploration & evaluation (if capitalised)	(1,569)	(2,659)
	(e) intangible	(36)	(687)
	(f) land and buildings	(11)	(1,792)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6-months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	50	50
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(1,625)**	**(5,147)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	412	1,239
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(10)	(13)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**402**	**1,226**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,055	12,124
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(684)	(1,055)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,625)	(5,147)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	402	1,226

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6-months) $A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**7,148**	**7,148**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	7,148	9,055
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**7,148**	**9,055**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	193
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Remuneration paid to executive and non-executive directors and an associate of a director under respective service agreements.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	1,009	1,009
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	**1,009**	**1,009**

7.5	**Unused financing facilities available at quarter end**	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

Westpac Bank, secured facility with variable interest rate at 3.66%

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(684)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(1,569)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(2,253)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	7,148
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	7,148
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	3.17

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 29 January 2021.....

Authorised by: .....
Trent Franklin – Company Secretary

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.