

30 January 2025

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

**ACTIVITIES REPORT FOR THE QUARTER ENDED
31 December 2024 ("Quarter")**

HIGHLIGHTS

Bowdens Silver Project, New South Wales

- Recent amendments to the *Environmental Planning and Assessment Act 1979* (NSW) provide the Company a clear pathway to work through, in consultation with the NSW Department of Planning, Housing and Infrastructure (DPHI), to seek reinstatement of the development consent for the Bowdens Silver Project, according to the new laws.
- The Company is now working with the DPHI and other government departments with respect to its existing Development Application.
- Bowdens' Development Application remains alive and on foot and remains to be finally determined by the consent authority, the NSW Independent Planning Commission (IPC).
- Successful Placement raises \$25 million (before costs).

Ore Reserve and Mineral Resource Update

- During the Quarter, the Company announced an updated Ore Reserve and Mineral Resource Estimate.
- Ore Reserves ("Reserves") total 32.8 million tonnes at 68 g/t silver, 0.38% zinc and 0.29% lead for an increase of 10% to the ore tonnes relative to the 2018 estimate with a A\$30 per tonne cut off.
- The contained silver in Reserves has increased by 7.5% to 71.7 million ounces and silver is now forecast to contribute more than 85% of the revenue in the mine plan, up from c.70% in the 2018 Ore Reserves estimate.
- Key changes to the Reserves have been derived from:
 - Increased metallurgical recoveries from a simplified process flowsheet; and,
 - An improved mine design with a smaller development footprint and reduced overall disturbance.
- The overall Resource to Reserve conversion of silver from the higher confidence Measured and Indicated categories has increased to 44% (up from 39%).
- The Reserves also contain 123.3 kilo-tonnes of zinc and 95.6 kilo-tonnes of lead.
- The 2024 updated Mineral Resource Estimate ("MRE") cut at 30g/t AgEq reflects additional drilling (including a further 24,140 assays), updated geological domains, improved metallurgy and changes to metal pricing assumptions.
- The updated MRE underpins the increase to the Reserves as detailed above.

- The Measured and Indicated (“M&I”) resources have seen the following key changes:
 - Overall tonnes reducing from 157Mt to 143Mt (down 8.9%)
 - Silver grade increase from 33.6 g/t Ag to 35.7 g/t Ag (up 6.3%)
 - Contained silver marginally lower from 169.8Moz to 164Moz (down 3.4%); and
 - M&I now accounts for 80% of tonnes and 92% of contained silver ounces.
- A gold dominant portion at a 0.2g/t Au cut-off forms a subset to the overall Bowdens MRE, containing 19.4 million tonnes at 0.32 g/t Au for 201,570oz. Further work is required to better refine gold domains in future MRE’s.

Optimisation Study

- During the Quarter, the Company announced the results of the recently completed Optimisation Study for its Bowdens Silver Project.
- Bowdens Silver Project Optimisation demonstrates robust economics from output of 53Moz silver, 92kt zinc and 67kt lead recovered to concentrate over a 16-year mine life and 14½-yrs of ore processing.
- Silver contributes 86% of revenue over the life of mine – placing the BSP as one of the most leveraged projects in the world to the silver commodity price.
- Optimisation based on 28.1Mt at 71 g/t Ag with low strip ratio of 1.49:1.0, a subset of the Ore Reserve (32.8Mt at 68 g/t Ag - strip ratio of 1.53:1.0).
- Initial capital costs estimated at A\$331m and All-In-Sustaining-Costs (AISC) estimated at A\$24.80/oz (US\$16.60/oz).
- Based on a silver price of US\$29/oz and US\$:A\$ exchange rate of 0.67, the BSP generates the following financial metrics:
 - Profitability Index of 1.76x (2.12x at spot silver price of A\$48.43/oz).
 - Payback of 3.9-yrs from start of production (3.4-years at spot).
 - Life of mine operating margin of A\$948m (A\$1.19bn at spot).
 - Undiscounted, pre-tax operating surplus of A\$631m (A\$877m at spot).
 - Pre-tax NPV_{5%} of A\$359m and IRR of 21% (A\$528m and 27% at spot).
- Optimisation of the mining schedule and process flow sheet has smoothed material movements and silver production over the first 10-years.
- Key metrics over the first 10-years include:
 - Average production of 4.25Moz silver.
 - AISC of A\$22.67/oz / US\$15.19/oz.
 - Pre-tax operating cash flow of A\$84m per annum (A\$103m at spot).
- Significant options available to extend mine life and optimise output including:
 - Potential for mine cutbacks to the south and west.
 - Underground mine development to access high-grade depth extensions.
 - Upgrading of medium and low-grade ores through ore-sorting.
 - Plant expansion to increase processing of low-grade material over later years.

- **Post-optimisation, 70% of engineering completed to Definitive Feasibility Study level, with remaining 30% at Feasibility Study level.**

Bowdens Silver Project Development Application

The Bowdens Silver Project (“Project” or “BSP”) is the largest known undeveloped silver deposit in Australia and lies within Exploration License 5920, which is 100% held by Silver Mines Limited (“Silver Mines” or 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, Housing and Infrastructure (“DPHI”). In March 2021, the Company announced the submission of its Mining Lease Application (“MLA 601”).

The proposed development comprises an open cut mine feeding a new processing plant with a conventional milling circuit and bulk flotation to produce a high precious metal concentrate that will be sold for smelting off site.

From the EIS exhibition process, the Company received no objections to the Project from any of the Government agencies and received resounding public support. At the end of December 2022, the Company was advised that the DPHI had assessed the Project as being in the public interest and approvable subject to conditions of consent. The DPHI referred the Project to the Independent Planning Commission of New South Wales (“IPC”) for final determination. On 3 April 2023, the IPC announced the approval of the Bowdens Silver Project allowing the Project to proceed to development and production subject to conditions of consent.

Following the decision by the NSW Court of Appeal (“Court of Appeal”) to set aside the Bowdens’ development consent provided by the IPC, the NSW Minister for Planning and Public Spaces Paul Scully has legislated important amendments to the *Environmental Planning and Assessment Act 1979 (NSW)*.

The amended legislation received bipartisan support in the NSW Parliament and the legislative amendments are now law after receiving Royal Assent in December 2024.

The amended legislation empowers the Planning Secretary to declare which part of a project does or does not form part of a single proposed development for the purposes of Part 4 planning approvals.

This helps to reinstate the general approach taken to the planning assessment of State Significant Development (SSD) projects, such as Bowdens’, prior to the Court’s decision. The Company now has a clear pathway to work through, in consultation with the DPHI, to seek reinstatement of the development consent for the Bowdens Silver Project, according to the new laws.

The Company is now working with the DPHI and other government departments with respect to its existing Development Application (“DA”).

As previously reported to the market, advice received by the Company is that the Bowdens DA remains on foot and has not been finally determined by the consent authority, the IPC.

The new laws apply to a future assessment of the Company's existing DA for the Bowdens Silver Project.

The Company will continue to provide regular updates on its progress in achieving reinstatement of the development consent of the Bowdens Silver Project.

The Company conducted a detailed optimisation program for the updating of the Bowdens Silver Feasibility Study completed in 2018. The optimisation program examines all aspects of the development including Ore Reserves, mine design, metallurgy, process design and economic and market considerations. During the Quarter, the Company announced the optimisation study results as detailed further in this report.

Silver Mines continues extensive consultation with relevant Government departments, local communities, and other interested stakeholders. Consultation processes focus on the current mine development area and the wider area where the Company is commencing or undertaking exploration programs.

Updated Ore Reserve and Mineral Resource Estimate

On 20 December 2024 (and as per the amended announcement released on 10 January 2025), the Company announced an updated Ore Reserve Estimate and Mineral Resource Estimate for the Bowdens Silver Deposit.¹

The updated 2024 MRE reflects additional drilling, more accurate geological domaining, improved metallurgical recoveries from test work and updated metal pricing assumptions. The MRE has been updated by H&S Consultants in conjunction with the Company and work with Datarock, helping to improve estimation domain consistency and accuracy.

Accordingly, an updated Ore Reserve for the Bowdens Silver Deposit has also been completed. The Company in conjunction Resolve Mining Services, produced an Ore Reserve for the Bowdens Silver Project based on the M & I component of the 2024 MRE refer to Table 1 and Figure 1. This represents a snapshot of the current economically extractable Resources for a given set of cost and pricing assumptions and modifying factors in accordance with the 2012 JORC Code.

Please refer to the Company's announcement dated 20 December 2024 and the amended announcement released on 10 January 2025 for full details regarding the updated Ore Reserve Estimate and Mineral Resource Estimate.

Ore Reserve

The Bowdens Silver Ore Reserve is estimated at 32.8 million tonnes at 68.0 g/t silver, 0.38% zinc and 0.29% lead for 71.7 million ounces of silver, 123.3 kilo-tonnes of zinc and 95.6 kilo-tonnes of lead in contained metal. The Ore Reserve Estimate is shown in Table 1.

¹Silver Mines Limited (ASX:SVL) release "Bowdens Silver Project Ore Reserves Increased to 71.71Moz Silver" dated 20 December 2024 (and as per amended announcement dated 10 January 2025).

Table 1 - December 2024 Ore Reserve*

Classification	Reserve Grades				Contained Metal		
	Tonnes (Mt)	Ag (g/t)	Zn (%)	Pb (%)	Ag (Moz)	Zn (kt)	Pb (kt)
Proved	31.5	68.7	0.38	0.3	69.6	120.8	93.5
Probable	1.3	50.6	0.19	0.16	2.1	2.5	2
Total	32.8	68	0.38	0.29	71.7	123.3	95.6

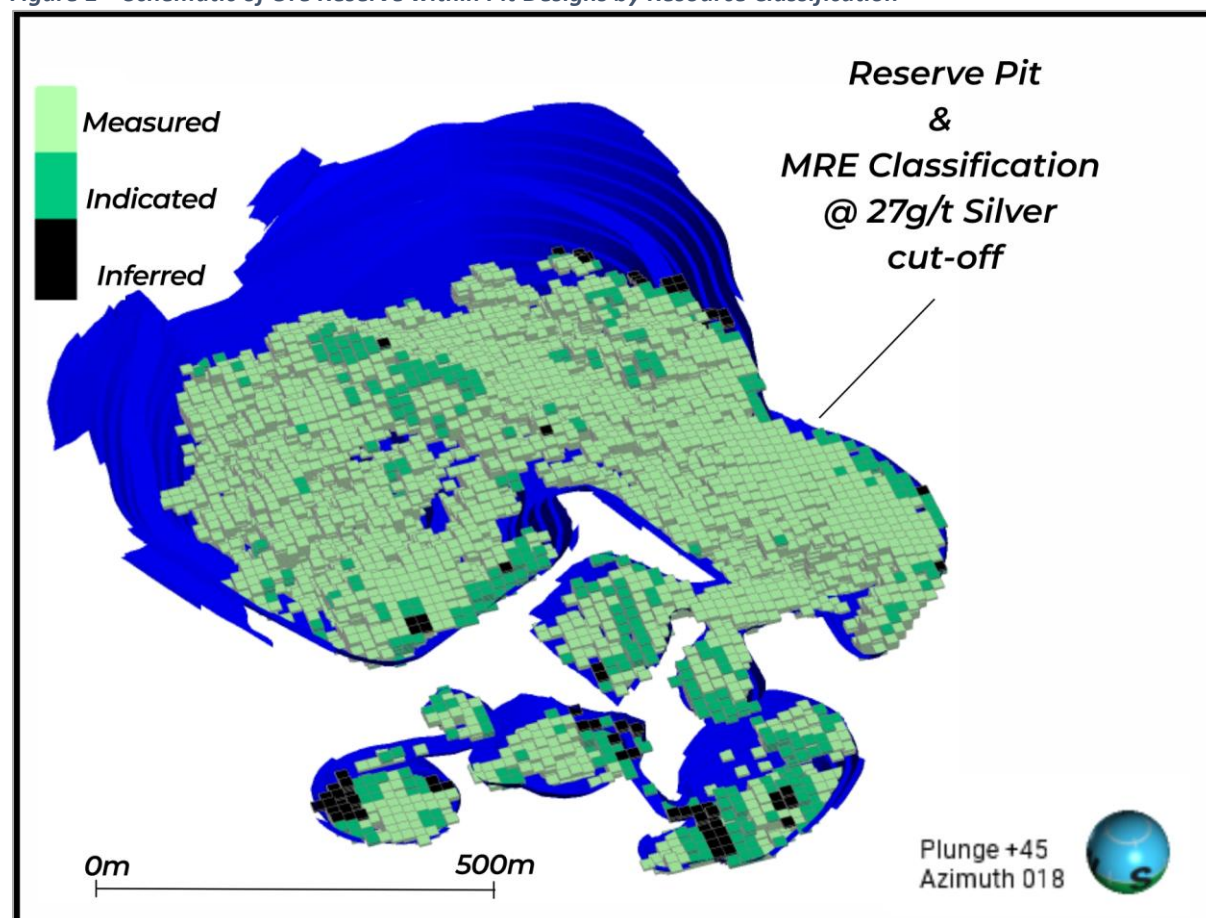
*Notes:

1. Ore Reserves are a subset of Mineral Resources.
2. Ore Reserves conform with and use the JORC Code 2012 definitions.
3. Ore Reserves are calculated using Silver, Lead and Zinc pricing of US\$29/oz, US\$1.05/lb and US\$1.35/lb respectively
4. Ore Reserves are calculated using a Net Smelter Return cut-off grade of 27g/t Ag under these assumptions
5. Tonnages are reported including mining dilution
6. All figures are rounded to reflect appropriate levels of confidence which may result in apparent errors of summation.
7. Refer to the Company's announcement dated 20 December 2024 (and the amended announcement released on 10 January 2025) for full details regarding the updated Ore Reserve Estimate.

The Ore Reserves were estimated from the MRE after consideration of the confidence levels of the resource categories and considering the relevant modifying factors.

No Mineral Resources classed as Inferred have been included in the Ore Reserve.

Figure 1 – Schematic of Ore Reserve within Pit Designs by Resource Classification



Mineral Resource Estimate

The Bowdens Silver Deposit MRE update was completed by H & S Consultants (“H&S”) using Multiple Indicator Kriging (“MIK”) for Silver and Gold and Ordinary Kriging (“OK”) for other metals. The MRE for the Bowdens Silver Deposit as of December 2024 is shown in Table 2 and is depicted in figures 2 and 3.

Table 2 - December 2024 Mineral Resource Estimate (30 g/t AgEq cut-off)*

Resource Category	Resource Grades						Contained Metal				
	Mass (Mt)	Ag (g/t)	Zn (%)	Pb (%)	Au (g/t)	AgEq (g/t)	Ag (Moz)	Zn (kt)	Pb (kt)	Au (k oz)	AgEq (Moz)
Measured	100	42	0.37	0.27	0.03	65	135	368	265	109	207
Indicated	43	21	0.41	0.28	0.11	52	30	176	121	152	71
M & I	143	36	0.38	0.27	0.06	61	164	544	386	260	278
Inferred	36	14	0.42	0.32	0.14	48	16	152	115	166	55
Total	179	31	0.39	0.28	0.07	58	180	696	501	426	334

Differences may occur in totals due to rounding

***Notes**

1. Bowdens Silver Mineral Resource Estimate reported to a 30g/t AgEq cut off extends from surface and is trimmed to above 300 metres RL, approximately 320 metres below surface, representing a potential target volume for future open-pit mining and expansion.
2. Bowdens' silver equivalent assumes prices of US\$27.50/oz silver, US\$2,950/t zinc, US\$2,350/t lead and US\$2,200/oz gold with metallurgical recoveries of 86.2% silver, 92.2% zinc, 84.7% lead and 80% gold estimated from test work commissioned by Silver Mines Limited. Silver equivalent formulae $AgEq = Ag + Pb \times 0.002612 + Zn \times 0.003569 + Au \times 74.25$ with all metals stated in g/t. It should be noted metal prices used in the Ore Reserve differ due to different timing of the Ore Reserve reporting.
3. In the Company's opinion, the silver, zinc, lead and gold included in the metal equivalent calculations have a reasonable potential to be recovered and sold.
4. Stated Mineral Resources are partially inclusive of areas of the total Underground Mineral Resource Estimate at 150 g/t Silver Equivalent (AgEq) Cut-off Grade above 300mRL. See ASX announcement dated 5th September 2022.
5. Variability of summation may occur due to rounding.
6. Oxide and transitional material comprise 0.4% and 2.9% of the Resource tonnage, containing 1 Moz and 9 Moz AgEq respectively.
7. Refer to the Company's announcement dated 20 December 2024 (and the amended announcement released on 10 December 2025) for full details regarding the updated Mineral Resource Estimate.

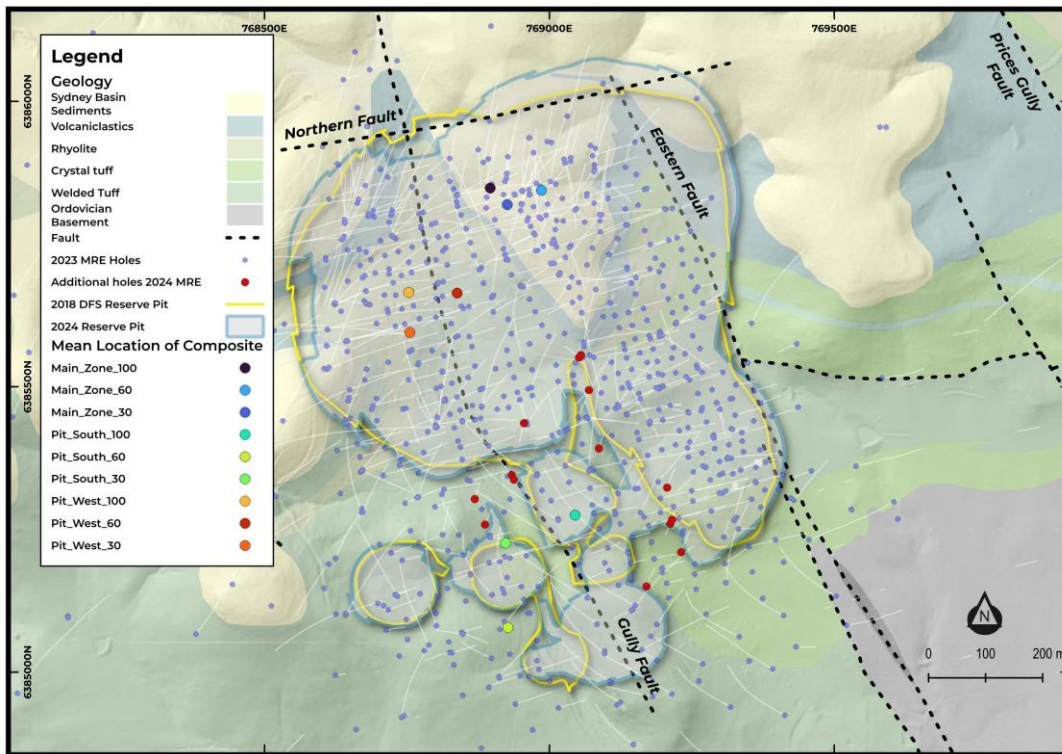
Cut-off Grades and Comparison with Previous Estimates

The Resource estimation techniques and parameters remain largely unchanged from the 2023 MRE. However, they differ in certain respects such as domaining and metal price assumptions, as well as including an additional 24,140 drilling assays, see Figure 2. Estimation domains were updated using photographic records of all diamond drill core and analysed using Vision Transformer (ViT) models combined with assays, largely independent of the underlying variables being estimated.

The combination of this textural information and multi-element geochemical data was key in defining hard domain boundaries for estimates of silver, zinc and lead mineralisation in the 2024 MRE.

The results of domaining the MRE estimates in such a manner has been verified to better reflect average sample grades at the domain boundaries rather than unbounded estimates.

Figure 2 - Location of additional drilling for the 2024 MRE, and changes in Reserve pit designs



H&S also comment that “A number of preliminary silver models, both OK and MIK, were produced for the Rylstone Volcanics, using hard and soft boundaries with different domain boundaries to ensure that the hard boundary models were not conditionally biased. This is a common problem with inappropriate hard boundaries, but there was no obvious evidence of conditional bias in the models using the mineralised fracture domain as a hard boundary. In fact, the differences between hard and soft boundary models were quite small, within the range of a few percent for tonnes, grade and metal content”.

Figure 3 - Cross Section of the Mineral Resource showing AgEq within Reserve Pit

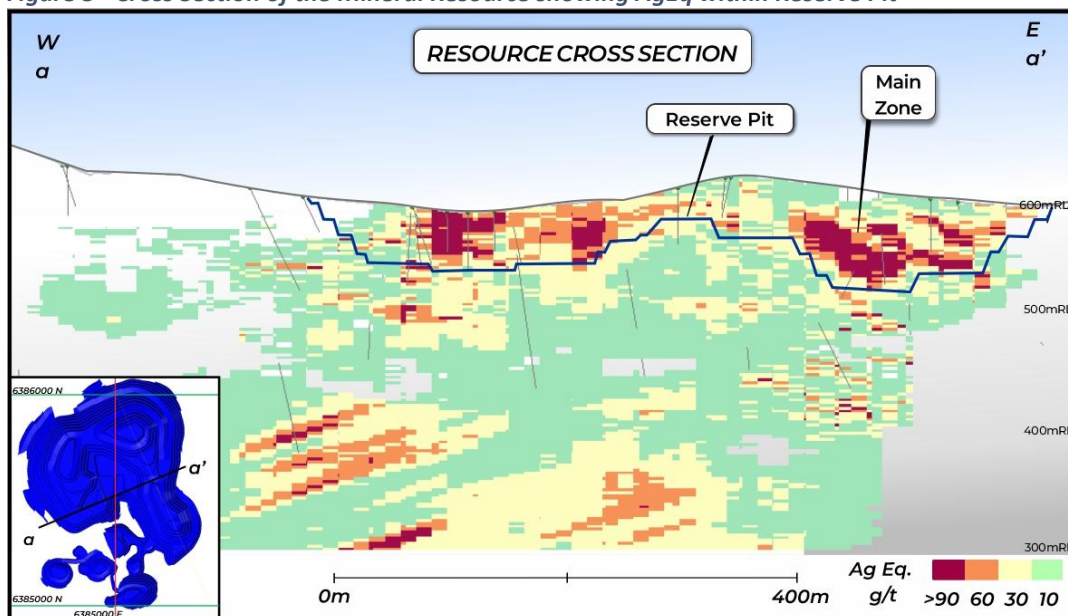


Figure 4 - Long Section of the Mineral Resource showing AgEq within Reserve Pit

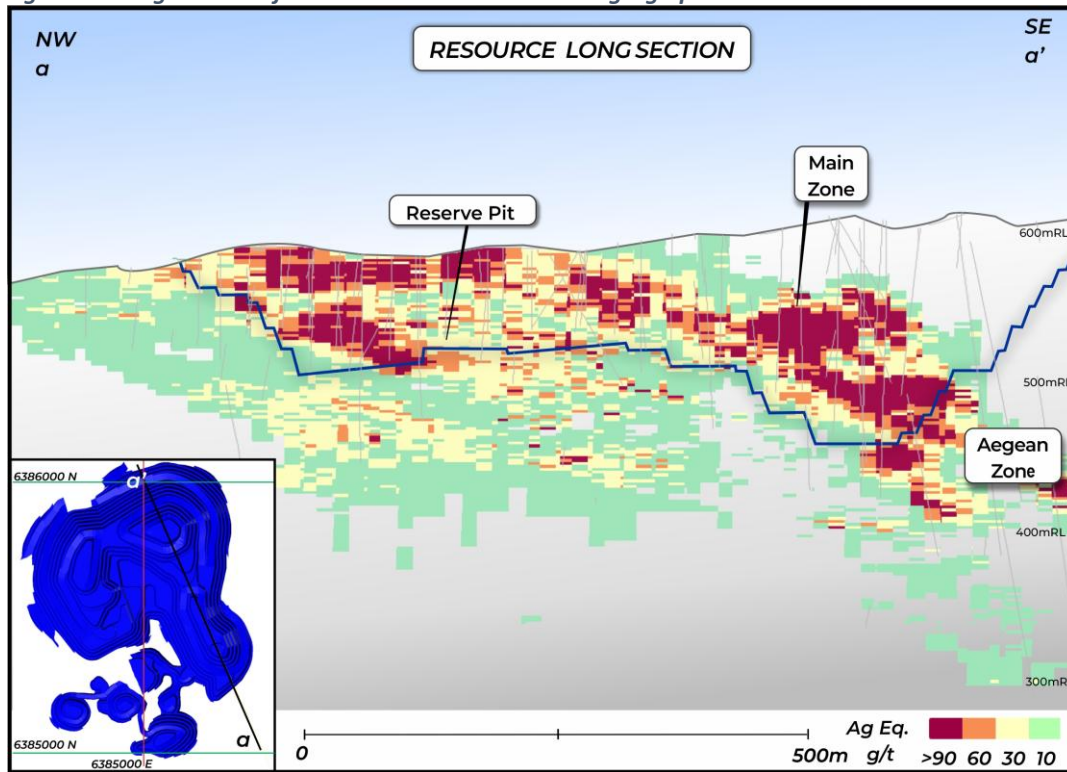


Figure 5 – 2024 Mineral Resource Estimate Grade Tonnage Curve by AgEq

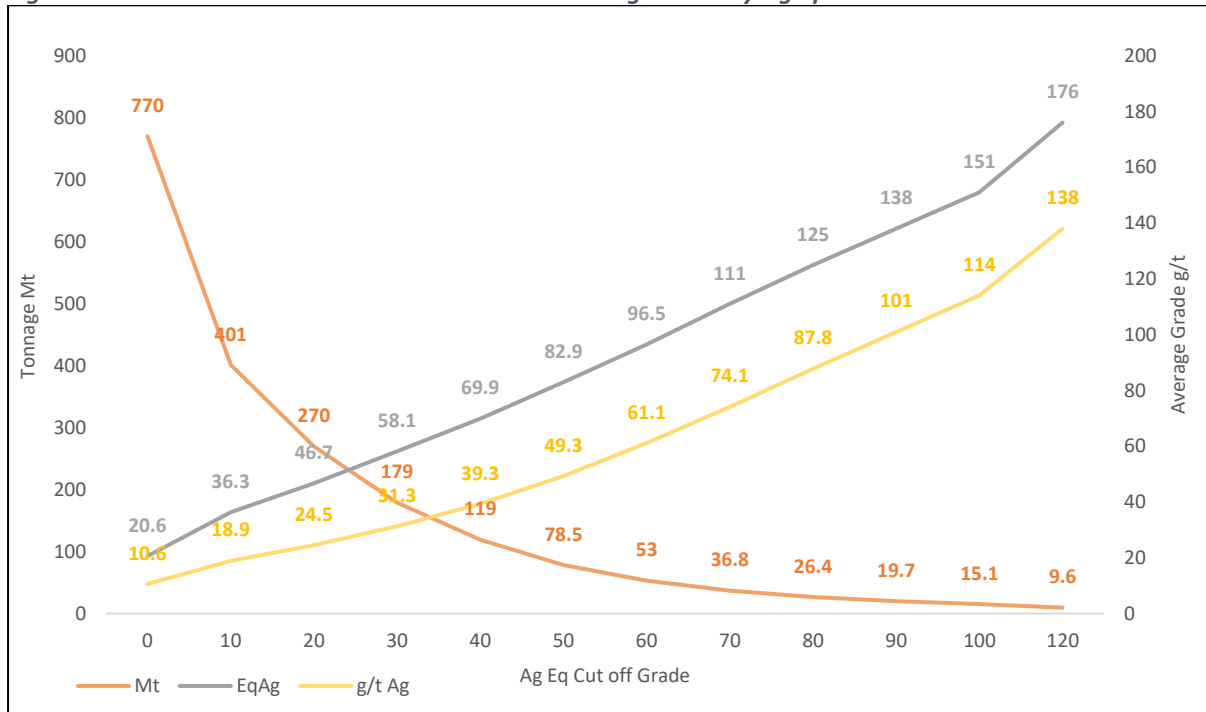


Table 3 - MRE grade tonnage data by AgEq cut-off

Cut-off (AgEq)	Resource Grades				Contained Metal		
	Tonnes (Mt)	Ag (g/t)	Zn (%)	Pb (t)	Ag (Moz)	Zn (kt)	Pb (kt)
27.25 ¹	200	29	0.37	0.27	188.4	742	532.8
30	179	31.3	0.39	0.28	180.1	698.1	501.2
40	119	39.3	0.45	0.32	150.4	535.5	380.8
50	78	49.3	0.50	0.36	123.6	390.0	280.8
60	53	61.1	0.53	0.39	104.1	280.9	206.7
70	37	74.1	0.55	0.41	88.1	203.5	151.7
80	24	87.8	0.56	0.43	67.7	134.4	103.2
90	20	101	0.58	0.45	64.9	116.0	90.0

Notes: 1. Equivalent to 2023 MRE tonnage and grades for Ag, Pb and Zn.

In comparison to the 2023 MRE, changes to the 2024 MRE largely reflect updated assumptions to underlying pricing of silver and base metals. The silver price used to calculate the silver equivalent cut-off is some 27% higher than the 2023 MRE. The effect of a higher denominator in the AgEq calculations results in the lower conversion of base metals into the AgEq estimate.

It is notable that when estimates are cut at 27.25 g/t AgEq (Table 3), comparable tonnages and grades to the 2023 MRE are reported for all metals – with the exception of gold, which shows a marked increase in grade. Gold estimates within the 2024 MRE is described in Table 4 and shown in Figure 5 and 6, as a sub-set of the 2024 MRE at a 0.2 g/t Au cut-off.

The current Ore Reserve is based on a processing flow sheet that optimises payability for silver, lead and zinc. As a result the gold portion of the MRE falls largely outside of the Ore Reserve. In the Company's opinion, the gold included in the MRE has a reasonable prospect to be recovered and sold.

Table 4 - Gold as a sub-set of the 2024 MRE at 0.2 g/t Au cut-off grade

Resource Category	Resource Grades						Contained Metal				
	Mass (Mt)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)	AgEq (g/t)	Au (koz)	Ag (Moz)	Zn (kt)	Pb (kt)	AgEq (Moz)
Measured	4.0	0.33	18.6	0.48	0.33	69	42.8	2.4	19.3	13.3	9
Indicated	7.2	0.33	12.8	0.46	0.32	62	75.8	3.0	32.9	23.2	14
Inferred	8.2	0.31	11.1	0.47	0.35	60	82.9	2.9	38.4	28.7	16
Total	19.4	0.32	13.3	0.47	0.34	63	201.6	8.3	90.6	65.2	39

Differences may occur in totals due to rounding

Figure 6 - Blocks over a 0.1g/t Au Cut off

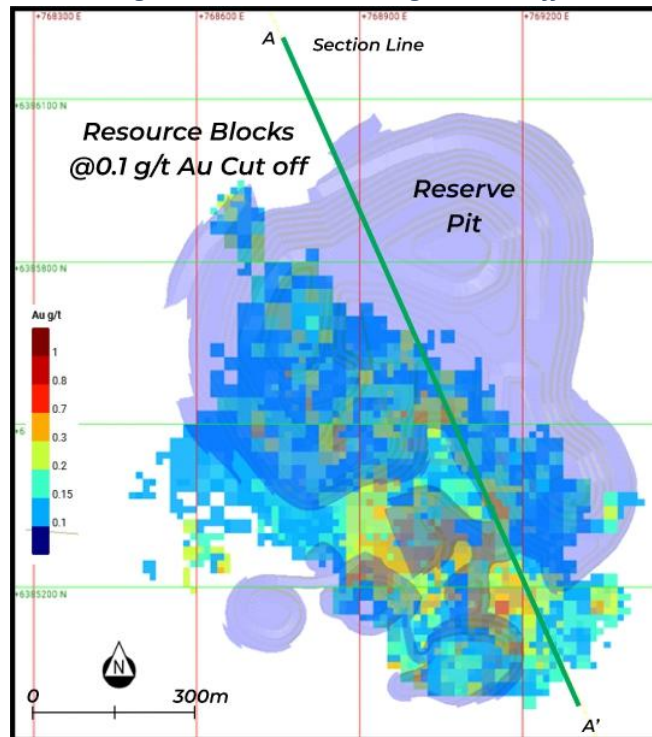
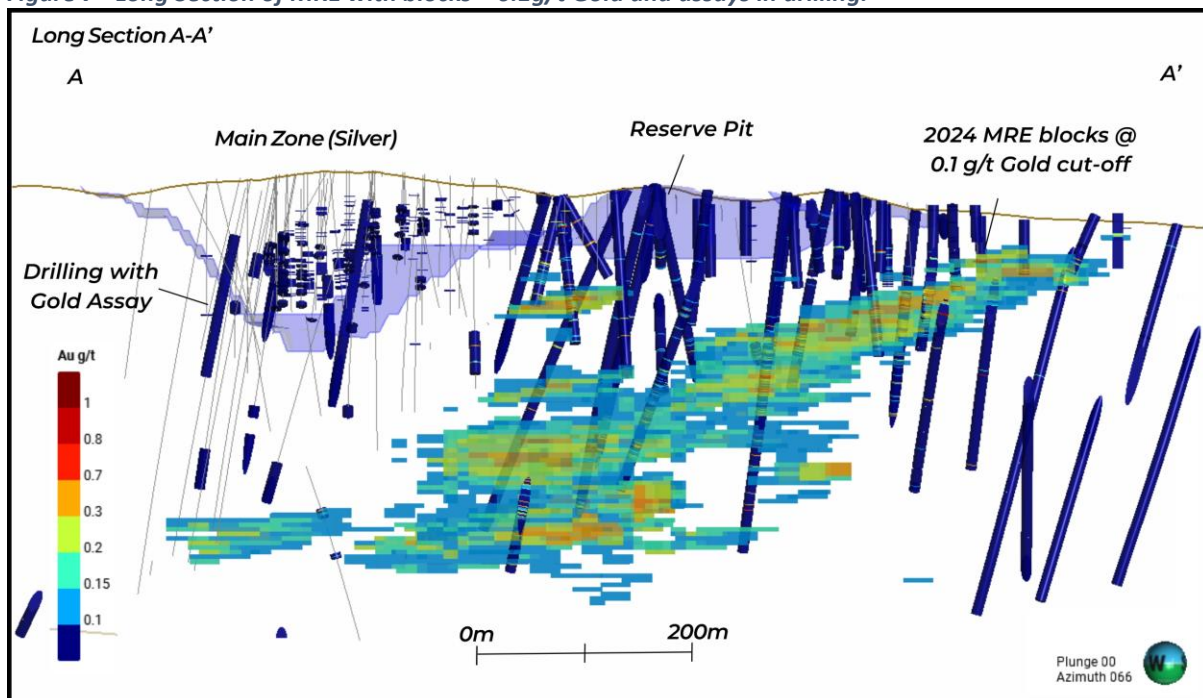


Figure 7 - Long Section of MRE with blocks > 0.1g/t Gold and assays in drilling.



Further Work

Detailed optimisation of the Reserve in line with proposed activities in the live application for development consent process for the Project is to be completed.

Where drilling from 2024 provided additional gold assays there have been increases in the gold estimates, with grades increasing within the Rylstone Volcanics by 18.5% and in the Coomber Formation 5.5% relative to the 2023 MRE. This significant change in grade occurred from moderate amounts of additional assay and little to no change to estimation method or estimation domains. The Company anticipates better refined gold domains in future MRE's.

With respect to the Ore Reserve, the Company expects to carry out metallurgical drilling in preparation to deliver concentrate product for certification, potential regulatory requirements and determine ore variability using a pilot plant. This drilling is likely to contribute to the coverage of gold assay within the deposit in particular areas in the Ore Reserve Pit floor.

Optimisation Study

On 20 December 2024, the Company announced the results of Optimisation Study for its Bowdens Silver Project which has resulted in significant improvements to the economic parameters of the Project.

Please refer to the Company's announcement dated 20 December 2024 for full details regarding the Company's Optimisation Study.

Summary

The Bowdens Silver Project Optimisation Study has demonstrated strong economics and significant improvements to the Feasibility Study ("2018 FS") from 2018.²

The key economics of the BSP from the Optimisation Study are set out in Table 5 below:

Table 5: Bowdens Silver Project Economic Parameters

Parameter	Unit	Feasibility Study (Jun 2018)	Optimisation Study (Dec 2024)	Difference
Processing Plant, Infrastructure and Sustaining Capital				
Process Plant (2.0Mtpa)	A\$m	62.6	93.8	+50%
Non-Processing Infrastructure	A\$m	102.5	122.1	+19%
Other	A\$m	28.7	78.6	+174%
Indirect	A\$m	52.3	37.1	-29%
Total (including contingency)	A\$m	246.0	331.6	+35%
Sustaining Capital (LOM)	A\$m	53.9	14.8	-73%
LOM Capex	A\$m	299.9	346.4	+16%
Production Summary (Optimisation Study – Subset of Ore Reserve)				
Life of Mine (LOM)	Years	16.5	16.0	n/c
LOM Strip Ratio	W:O	1.61	1.49	-7.4%
Processing Rate	Mtpa	2.0	2.0	n/c
LOM Payable Silver Production	Moz	48.1	50.3	+4.6%
LOM Payable Zinc Production	kt	92	31	-66%
LOM Payable Lead Production	kt	75	56	-25%
LOM Average Silver Production	Mozpa	3.2	3.7	+16%
LOM Average Silver Recovery	%	79.8	82.7	+3.6%

²Silver Mines Limited (ASX:SVL) release: "Feasibility Study – Bowdens Silver Project" dated 14 June 2018.

Parameter	Unit	Feasibility Study (Jun 2018)	Optimisation Study (Dec 2024)	Difference
LOM Operating Costs				
Mining (including rehabilitation)	A\$/t milled	14.98	17.99	+20%
Processing	A\$/t milled	18.15	20.78	+14%
Administrative	A\$/t milled	3.30	5.65	+71%
C1 Costs	A\$/oz	15.47	23.28	+50%
C1 Costs	US\$/oz	11.60	15.59	+34%
AISC	A\$/oz	17.25	24.81	+44%
AISC	US\$/oz	12.94	16.62	+28%
Project Economics				
LOM Pre-Tax Operating Margin	A\$m	559	948	+70%
NPV _{5%} (Pre-Tax)	A\$m	144	359	+149%
NPV _{5%} (Post-Tax)	A\$m	71	253	+256%
IRR (Pre-Tax)	%	17.9	21.0	+17%
Payback (Post-Tax)	Years	4.8	3.9	-19%
Profitability Index	(x)	1.29	1.76	+36%
NPV (Pre-Tax) / Pre-Prod Capex	(x)	0.58	1.08	+86%

The Optimisation Study results have been released on the back of the updated Ore Reserve estimate.³

The Optimisation Study commenced in H1 2023 and has been running concurrently with ongoing permitting activities. A number of scoping changes relative to the 2018 FS were made during the Optimisation Study. The key changes include:

- Simplification of the process flow sheet with production of a single precious metal bulk concentrate now preferred over the original two concentrate stream (Ag/Pb and Zn) – with the added benefits of increased overall payability for silver, improved silver recovery and removing cyanide from the process.
- Changing the Tailing Storage Facility (“TSF”) design from a large, conventional hydraulic tail to a dewatered facility (dry-stack), which is considered world’s best practice and allows for progressive rehabilitation of the TSF and improved dust management.
- Redesign of the Waste Rock Emplacement Facility to lower the height and reduce potential visibility to the community.
- Removal of the requirement to haul waste rock on a public road.
- The movement to a dayshift only mining roster which benefits the community and the local workforce at the BSP.

Revenue Assumptions

The commodity price and FX assumptions used in the Optimisation Study were derived from Consensus Economics and are set out in Table 6 below:

Table 6: Bowdens Silver Project FX Assumptions

Parameter	Unit	Feasibility Study (Jun 2018)	Optimisation Study (Dec 2024)	Difference
Commodity Prices				
Silver Price	US\$/oz	22.50	29.00	+29%
Zinc Price	US\$/lb	1.25	1.35	+8.0%
Lead Price	US\$/lb	1.00	1.05	+5.0%
Exchange Rates				
USDAUD		0.75	0.67	-11%

³Silver Mines Limited (ASX:SVL) release: “Bowdens Silver Project Ore Reserves Increased to 71.7Moz Silver” dated 20 December 2024 (and as per amended announcement dated 10 January 2025).

Production Summary

The following charts provide a visual summary of the key production estimates.

Figure 8: Annual mined ore tonnes and Ag grade (2024 Optimisation versus 2018 FS)

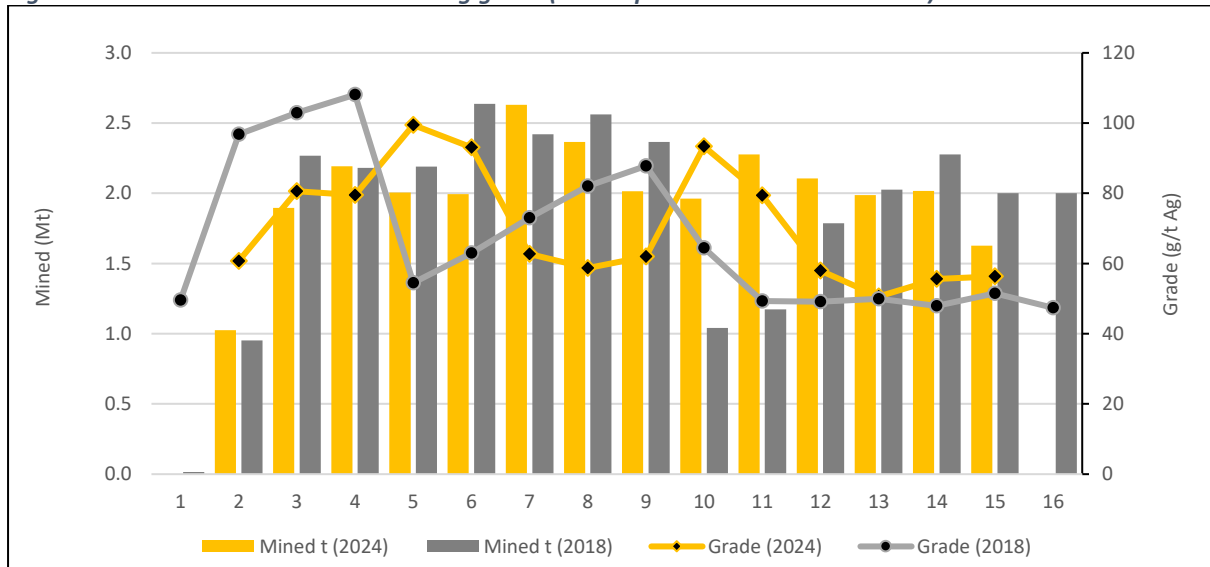


Figure 9: Annual processed tonnes and Ag grade (2024 Optimisation versus 2018 FS)

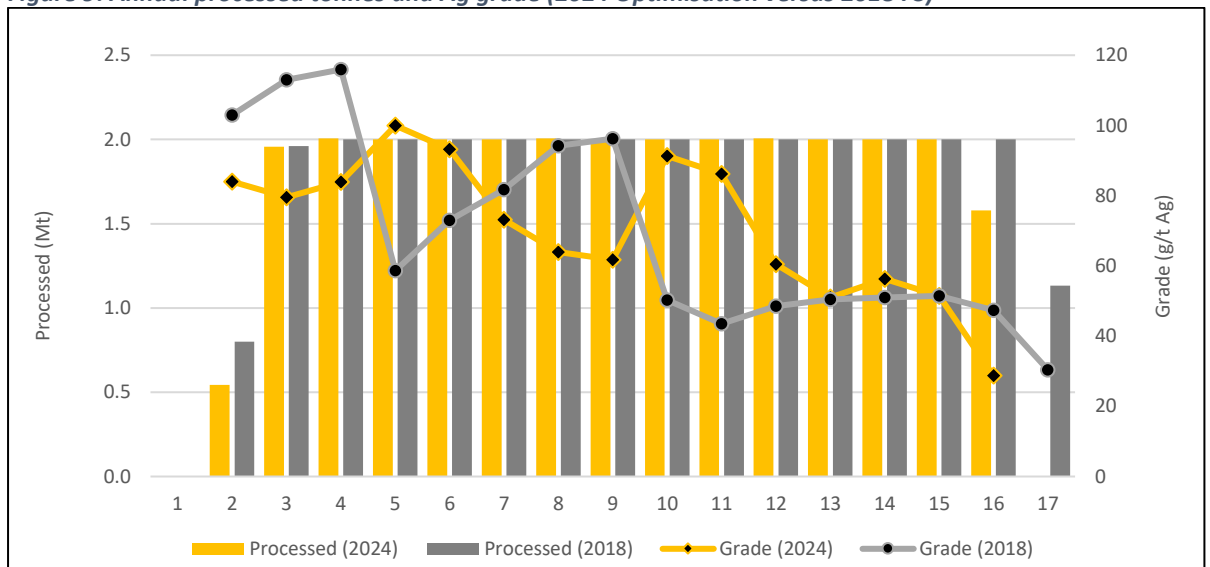


Figure 10: Annual Ag output and Cumulative LOM (2024 Optimisation versus 2018 FS)

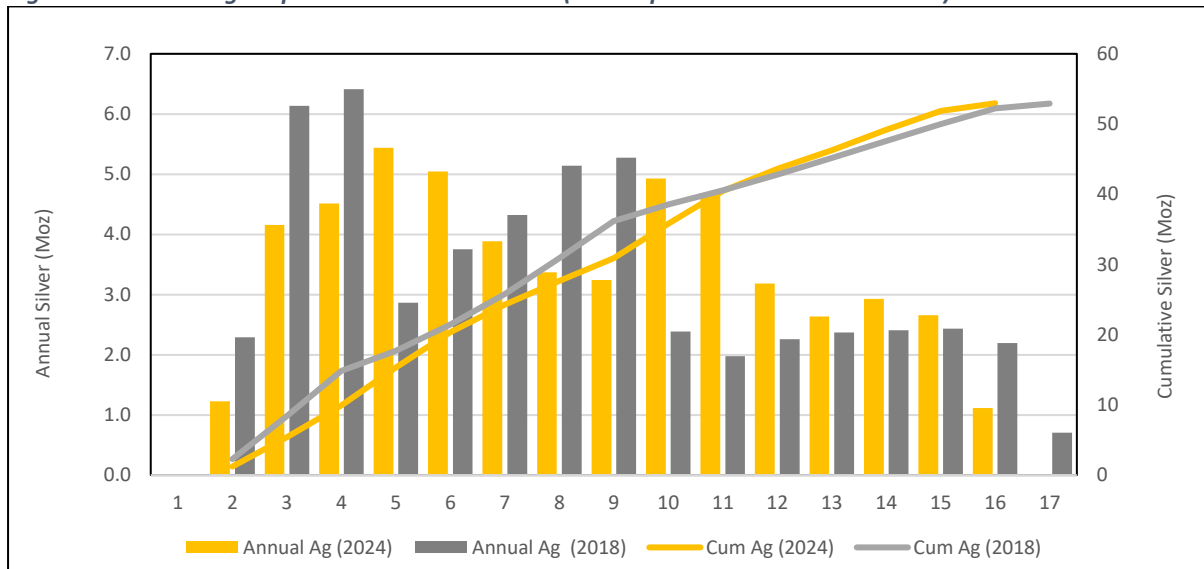
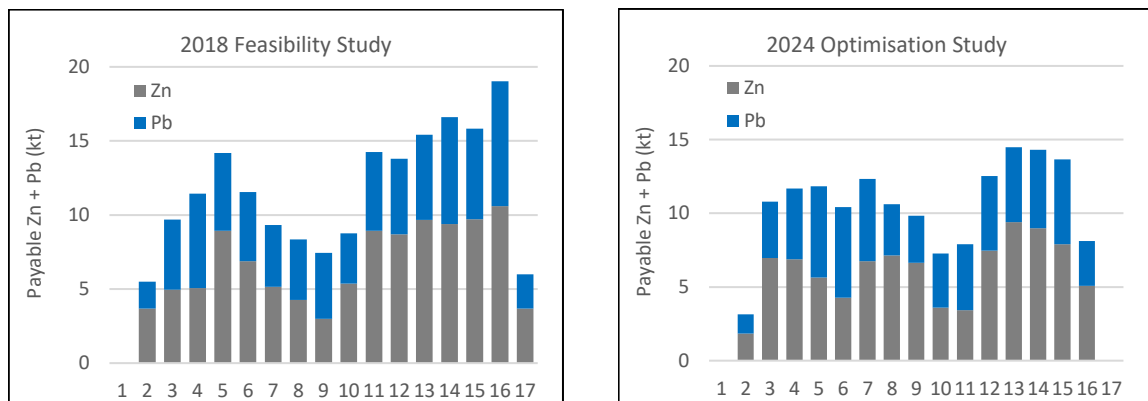


Figure 11: Annual Base Metal output (2024 Optimisation versus 2018 FS)



Capital Costs

The total capital cost estimate of A\$346 million (including mining pre-production) represents a 16% increase when compared to the 2018 FS capital cost estimate of A\$300 million, which is less than real inflation over the period. The net real reduction in capital is a result of scope changes and design improvements incorporated in the Optimisation.

Operating Costs

Mining costs are based on a primarily owner operator cost model that were validated against a detailed early contractor involvement pricing model provided by a Tier 1 Australian mining contractor. The operating plan includes progressive rehabilitation, which is included in the mining operating costs.

Overall operating costs are also impacted by lower by-product credits and higher royalties relative to the 2018 FS.

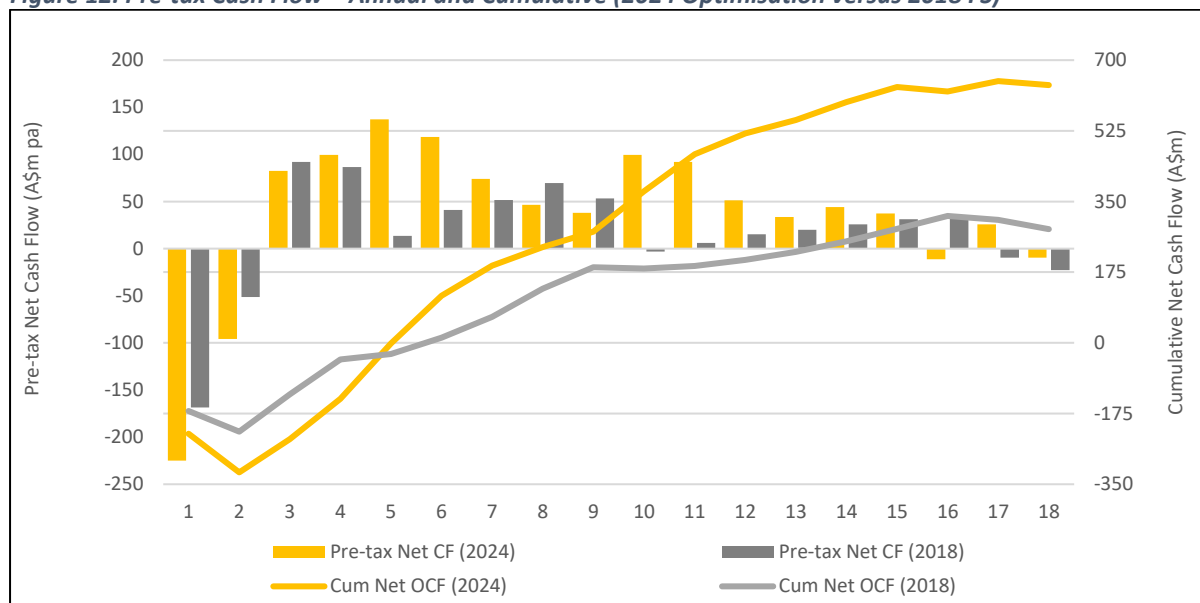
Project Economics

The financial model developed for the Project indicates a total operating margin of A\$948 million, with project payback 3.9 years from the commencement of production. Project Pre-Tax NPV₅ is estimated at A\$359 million, with an IRR of 21%. Project Post-Tax NPV₅ is estimated at \$253 million, with an IRR of 18%.

Table 7: Bowdens Silver Project Economics

Project Economics				
Parameter	Unit	2018 FS	2024 Optimisation	Diff
Revenue	A\$m	1900	2510	+32%
Operating Expenses	A\$m	1341	1562	+17%
Operating Margin	A\$m	559	948	+70%
Undiscounted Cash Flow Pre-Tax	A\$m	258	631	+145%
Undiscounted Cash Flow Post-Tax	A\$m	158	469	+197%
NPV _{5%} (Pre-Tax)	A\$m	144	359	+149%
NPV _{5%} (Post-Tax)	A\$m	71	253	+256%
IRR (Pre-Tax)	%	17.9	21	+17%
IRR (Post-Tax)	%	14.6	18	+23%
Payback (Post-Tax)	Years	4.8	3.9	-19%
Profitability Index	(x)	1.29	1.76	+36%
NPV (Pre-Tax) / Pre-Prod Capex	(x)	0.58	1.08	+86%

Figure 12: Pre-tax Cash Flow – Annual and Cumulative (2024 Optimisation versus 2018 FS)



In terms of product value, under the 2024 Optimisation Study, the combination of silver and zinc, both of which are included on the NSW Critical Minerals and High-Tech Metals list, account for over 90% of revenue from the Bowdens Silver Project. Silver alone contributes 86%, making the Bowdens Silver Project one of the most leveraged silver development projects in the world.

Next Steps

The short-term priority for the Bowdens team remains securing the Consent from the NSW state government. While it is not possible to provide a definitive timeline on the regulatory process, the Company remains very confident that the Consent will be obtained in due course. Once the Consent is obtained, the Company will be able to provide an updated timeline on finalising project approvals including the federal permit in accordance with the *Environmental Protection and Biodiversity Conservation Act 1999 (Cth)* and the subsequent Mining Lease approval from the state government.

The work completed on the Optimisation will allow the Company to commence more detailed project funding discussions with potential financial partners. These discussions will be conducted in parallel with the completion of the balance of work required to convert the optimisation to Definitive Feasibility Study (DFS) level and through into the Front-End Engineering and Design process.

Project Exploration

On 9 October 2024, the Company announced that the first ever drilling program was to commence at the Bara Creek Prospect (“Bara Creek”), situated within the Bowdens Silver Project. The Bowdens Silver Project is located 26 kilometres east of Mudgee in Central NSW. The drilling activity has been approved by the NSW Resources Regulator.⁴

⁴Silver Mines Limited (ASX:SVL) release: “Drilling to commence at Bara Creek Prospect, a high-priority epithermal target” dated 9 October 2024.

Bara Creek represents a greenfield discovery opportunity. CRA Exploration ("CRAE") identified Bara Creek in 1989 after anomalous gold, arsenic, silver, copper and antimony assays were returned from regional stream sediment sampling. Limited follow up work confirmed gold in some rock chip samples, extensive quartz veining and significant silica and clay alteration of felsic volcanics. No exploration has been completed at the Prospect since. Bara Creek is situated about seven kilometres to the northwest of the Bowdens Silver Deposit ("the Deposit"). It was suggested by CRAE geologists that Bara Creek resembles a high-sulphidation epithermal equivalent to the Deposit, which is characteristically low to intermediate sulphidation.

Figure 13: Location of the Bara Creek prospect within the Bowdens Silver Project.



Seven diamond drill holes have been completed at Bara Creek totalling 2,465.5 metres. Results are being received and will be reviewed to direct further work at the Prospect.

On-going Research & Development

The Company is continuing its commitment to R&D projects, including a project focused on technologies for predicting geometallurgical and bulk rock properties within the deposit and to define extensions to mineralisation cost effectively. The Company is engaged with several research providers, as well as internal staff, to design cutting edge technologies and processes that may have a positive impact on future economic development and discovery. The previously completed seismic surveys and on-going mineral systems modelling are key pillars of the R&D programs.

About the Bowdens Silver Projects

The Bowdens Silver Project is located in central New South Wales, approximately 26 kilometres east of Mudgee (see Figure 14). The consolidated project area comprises 2,115 km² (521,000 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.

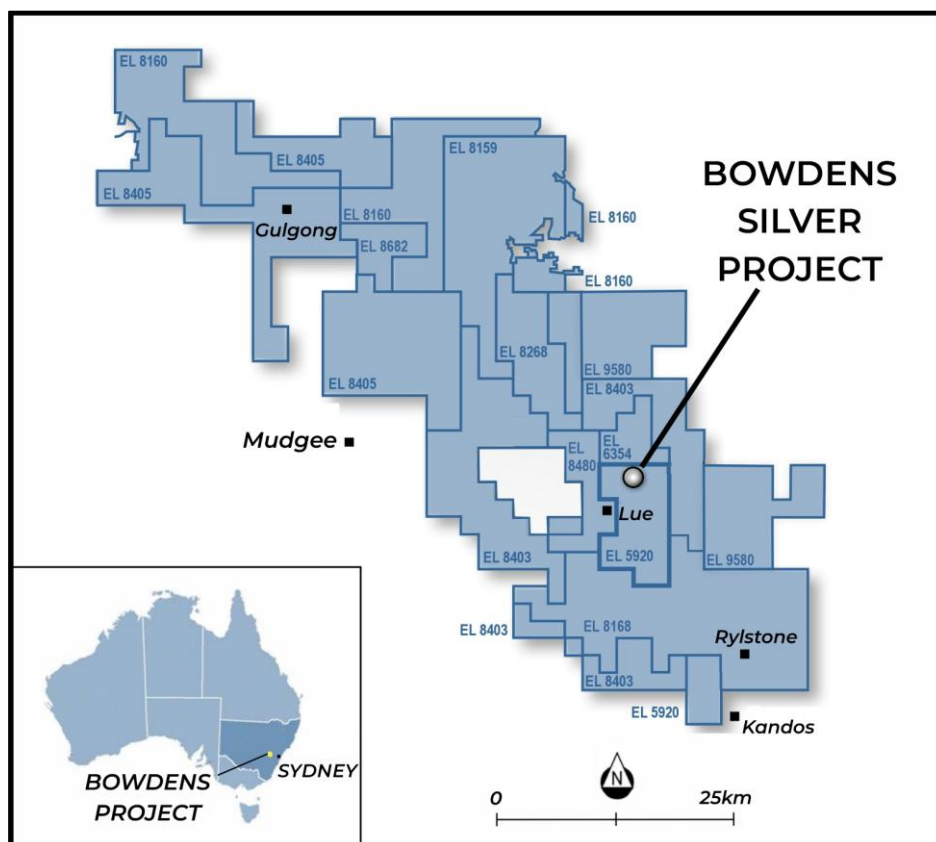


Figure 14: Silver Mines Limited tenement holdings in the Mudgee district.

Tuena Gold Project

The Tuena Gold Project is located 80 kilometres south of the city of Orange in New South Wales (refer to Figure 15).

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

The Company previously completed 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. 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. This initial program represented the first modern exploration 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 Gold Project to the north of Tuena.

Alteration associated with mineralisation at Tuena consists of sericite–silica–carbonate with the project area mostly metamorphosed to schist and phyllite. The distribution of gold mineralisation suggests that a substantial hydrothermal system has affected the area. Results from the initial program have been collated and will guide follow-up drilling to test the extents of gold mineralisation encountered.

Furthermore, the Tuena district mineralisation also has affinities to volcanogenic massive sulphide (VMS) style mineralisation. Previous explorers on the Elsiehora project (EL9588) intersected mineralisation anomalous of lead-zinc-silver as well as gold. Targeting models for VMS, including selection of appropriate geophysical techniques, are being considered by the Company.

For further information on the drilling program and results, refer to the March 2021 quarterly report.

The Company is planning further work in follow up to the Tuena Gold Project drilling program and is also planning an expanded regional exploration program extending from immediately south of the McPhillamy's Gold Project and across EL8973, EL8974, EL8526, EL8975 and EL9588.

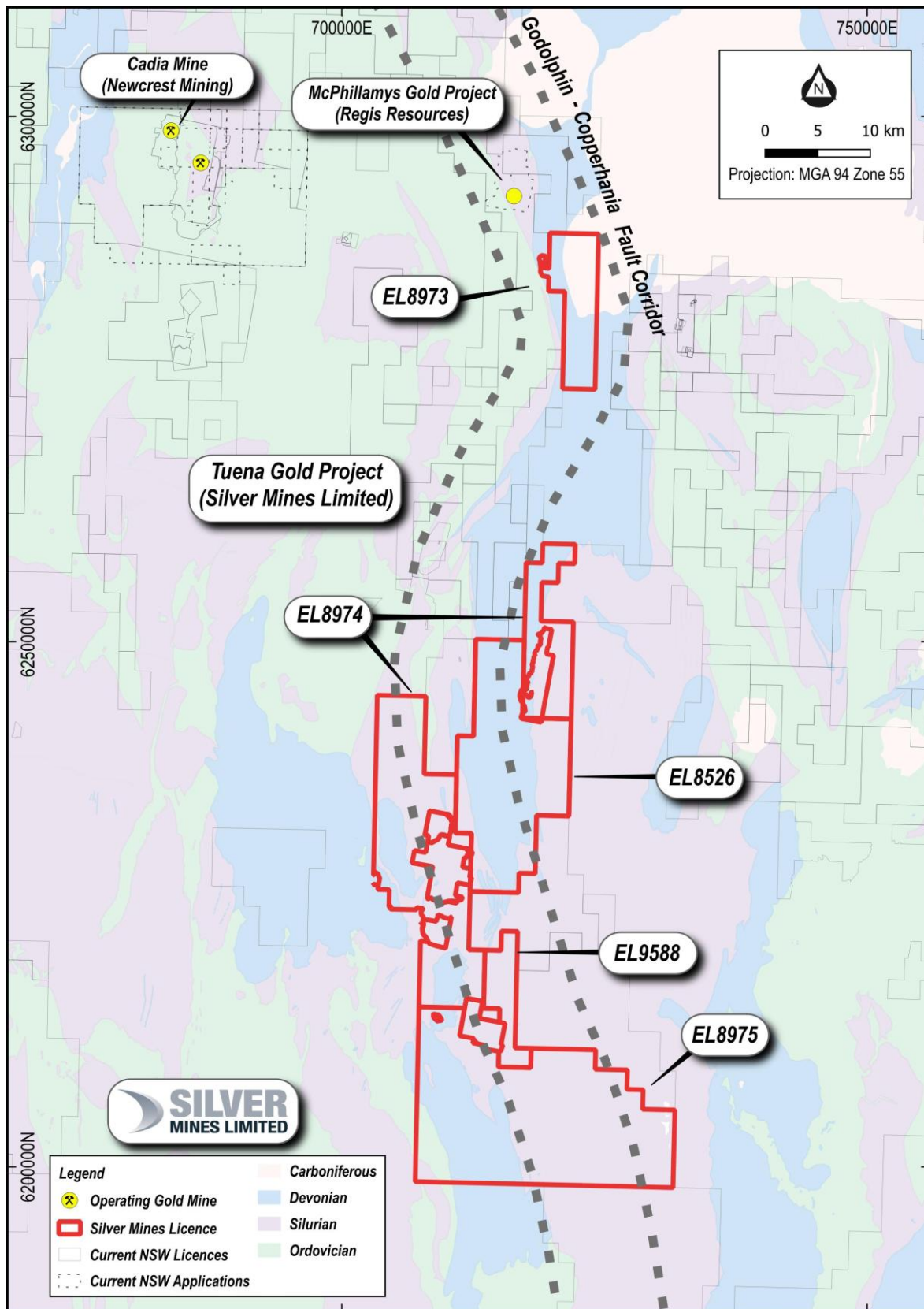


Figure 15: Tuena Gold Project regional setting

About the Tuena Gold Project

The Tuena Gold Project consists of five exploration licenses covering 767 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.

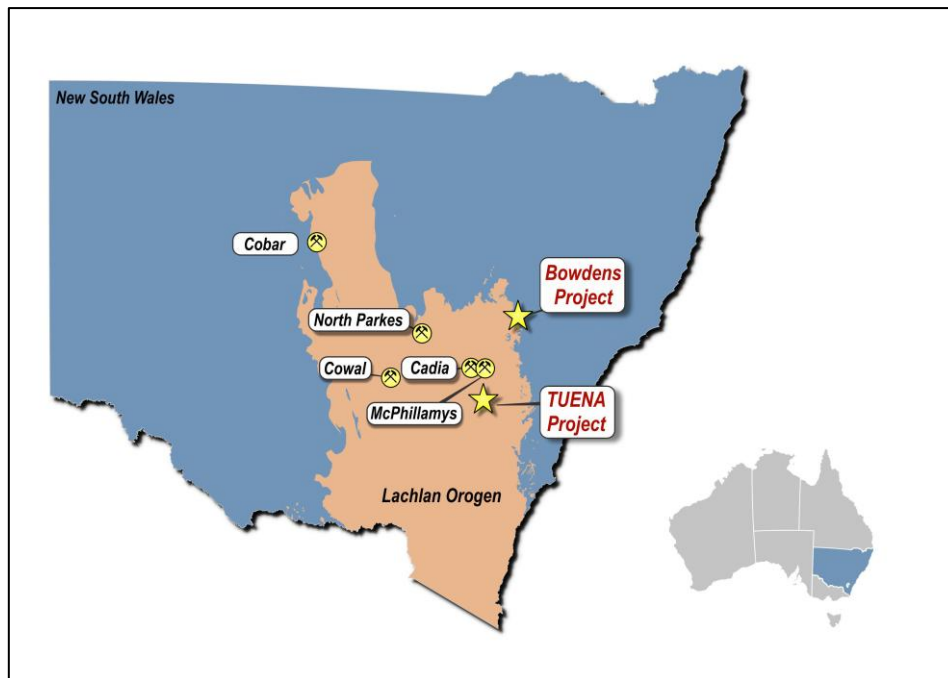


Figure 16. Silver Mines Limited project in the Lachlan Orogen

Corporate

Placement

On 10 December 2024, the Company announced that it had successfully completed a capital raising of \$25 million (before costs) ("Placement") to institutional and sophisticated investors. Demand for the Placement was well in excess of funds raised by the Company.

The Placement was conducted at an issue price of \$0.092 per share. The Placement was strongly supported by both existing and new investors.

The funds raised will be used predominately for:

- Bowdens Silver Project development consent approvals and engineering studies;
- community and freehold purchases including property purchase, water and biodiversity rights, and land access agreements;
- continued exploration for Resource growth across the Company's NSW tenements including the Company's Bara Creek Prospect and Tuena Project;
- business development opportunities; and
- general working capital.

Participants in the Placement received free options ("New Options") on a one (1) for three (3) basis, with each New Option being exercisable at \$0.1196 and expiring 18 months from the date of their issue being 17 June 2026.

The Placement resulted in the issue of 271,739,135 fully paid ordinary shares and 90,579,731 New Options.

Petra Capital acted as Sole Lead Manager and Sole Book-runner to the Placement.

Termination of Convertible Debenture Funding

On 10 December 2024, the Company announced that it had agreed to mutually terminate with immediate effect the binding interim convertible debenture agreement with Bromma Asset Management Inc, MMCAP International Inc ("Interim Debenture Agreement").

The mutual termination releases all parties from all further obligations in relation to the Interim Debenture Agreement, and there were no break fees associated with the termination.

The Company decided that given the current status of its development application for the Bowdens Silver Project long-term equity capital was preferred over a convertible debt structure. The Placement also allows funds to be raised more expeditiously than the convertible debt structure which was subject to lengthy FIRB approvals.

No convertible debentures were issued by the Company in relation to the Interim Debenture Agreement.

Appendix 5B

As set out in the attached Appendix 5B, at the end of the Quarter the Company had cash reserves of A\$27.14 million.

Evaluation and Exploration expenditure during the Quarter totalled A\$2.44 million and focussed predominately on the Company's Bowden Silver Project.

In accordance with ASX Listing Rule 5.3.2 the Company advises that no mining development or production activities were conducted during the Quarter.

Payments to related parties totalling A\$247 thousand consisted of remuneration paid to executive and non-executive directors under respective service agreements.

This announcement was approved for release by the Managing Director, Jonathan Battershill.

Further information:

Jonathan Battershill
Managing Director
Silver Mines Limited
+61 2 8316 3997

Christina Granger
Account Director
M+C Partners
+61 438 117 286

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 Resources and Ore Reserves within the Bowdens Silver Project is extracted from the ASX release titled "*Bowdens Silver Project Ore Reserves Increased to 71.7Moz Silver*" which was released on ASX on 20 December 2024 and as per the amended announcement released on 10 January 2025.

The information in this report that relates to Production Targets has been extracted from the Company's ASX Announcement "*Bowdens Optimisation Study Outlines Robust, High Margin Silver Project*" dated 20 December 2024. The Ore Reserves underpinning the production targets were prepared by a Competent Person in accordance with the JORC Code.

The information in this announcement that relates to Exploration Results has been extracted from various Silver Mines ASX announcements and are available to view on the Company's website at www.silvermines.com.au or through the ASX website at www.asx.com.au (using ticker code "SVL").

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources, Ore Reserves and Production Targets in the relevant market announcement continue to apply and have not materially changed.

The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Tenement Information as at 31 December 2024

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 8403	Bowdens Silver	NSW	100%	-
EL 8405	Bowdens Silver	NSW	100%	-
EL 8480	Bowdens Silver	NSW	100%	-
EL 8682	Bowdens Silver	NSW	100%	-
EL 9580	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 9588	Tuena	NSW	100%	-

Appendix 5B

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

Name of entity

Silver Mines Limited

ABN

456 107 452 942

Quarter ended ("current quarter")

31 December 2024

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	58	82
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(251)	(445)
	(e) administration and corporate costs	(762)	(1,482)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	43	124
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (farm operating expenses)	(11)	(36)
1.9	Net cash from / (used in) operating activities	(923)	(1,758)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(13)	(15)
	(d) exploration & evaluation	(2,445)	(4,683)
	(e) intangible	(45)	(90)
	(f) Land and Building	(6)	(536)

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	-	-
	(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:		
	(a) security bond deposit	-	-
2.6	Net cash from / (used in) investing activities	(2,509)	(5,324)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	25,000	25,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,584)	(1,584)
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	23,416	23,416

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,156	10,805
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(923)	(1,758)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,509)	(5,324)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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

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	23,416	23,416
4.6	Cash and cash equivalents at end of period	27,140	27,140

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	27,140	7,156
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)	27,140	7,156

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	162
6.2	Aggregate amount of payments to related parties and their associates included in item 2	85

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.

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(923)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,445)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(3,368)
8.4	Cash and cash equivalents at quarter end (item 4.6)	27,140
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	27,140
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	8.06
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	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	
8.8.2	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	

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

8.8.3 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

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

30 January 2025

Date:

Managing Director, Jonathan Battershill

Authorised by:
(Name of body or officer authorising release – see note 4)

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.