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GEOPHYSICS PRODUCES MULTIPLE TARGETS AT EXTENSIVE BARABOLAR PROJECT

Highlights

Completion of an Induced Polarisation geophysical survey at Barabolar generates multiple shallow targets at the extensive Barabolar Project. Interpretation indicates:

- **Multiple zones of sulphide accumulation over 4000 metres of strike length and coincident with mapped copper-gold-silver-lead-zinc mineralised zones.**
- **Sulphide accumulation interpreted to be source intrusion/porphyry copper-gold targets.**

The Barabolar Project:

- **Outstanding newly discovered area with substantial copper-gold-silver-lead-zinc-molybdenum anomalism over a corridor 9000 metres by 2000 metres.**
- **Outcropping mineralised skarn mapped over 5000 metres by 800 metres.**
- **Multiple targets in several mineralisation styles including copper-gold porphyry, molybdenum porphyry, skarn mineralisation and volcanic hosted sulphide (VMS) deposits.**
- **Rock chip sampling continues to present areas of high grade across Zn, Pb, Cu, Ag, Au and Mo.**
- **Planning advanced for initial drilling program of up to 7500 metres commencing September 2018.**

Barabolar Project

Silver Mines Limited (ASX:SVL) ("Silver Mines" or "the Company") is pleased to advise that it has received the preliminary results and models from a recently completed Induced Polarisation (IP) geophysics survey at the Barabolar Project. The Barabolar Project is located in central New South Wales, approximately 26 kilometres east of Mudgee and 10 kilometres northwest of the Company's Bowdens Silver Project (*see Figure 1*).

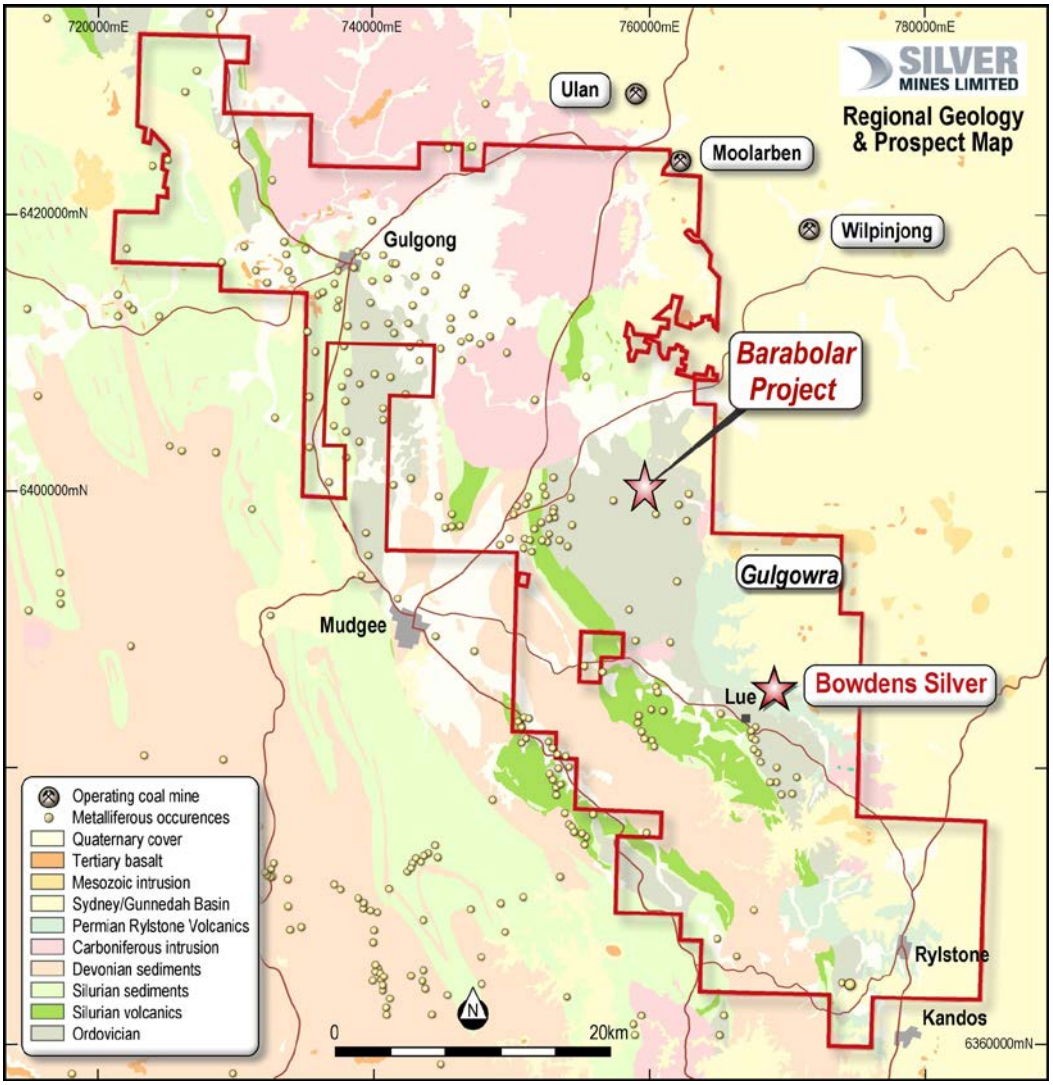

Figure 1. Location of Barabolar Project

The IP program was designed in follow-up to outstanding surface results over a 9,000 metre mineralised corridor with surface geochemistry anomalies in copper, silver, molybdenum, lead and zinc. A series of outcropping mineralised skarns have been mapped over an area 5,000 metres by 800 metres.

Recent Barabolar IP Survey

The Company recently completed 30-line kilometres of dipole-dipole IP including the collection of both chargeability and resistivity data (*see Figure 2*). The survey was completed by Fender

Geophysics and modelled and interpreted by GeoDiscovery Group and the Company's own geological team. Areas of high chargeability are interpreted to represent accumulations of sulphide mineralisation whereas the resistivity is potentially indicative of increased quartz veining and silicification. The IP survey has generated at least 10 targets that are coincident or proximal to surface anomalism.

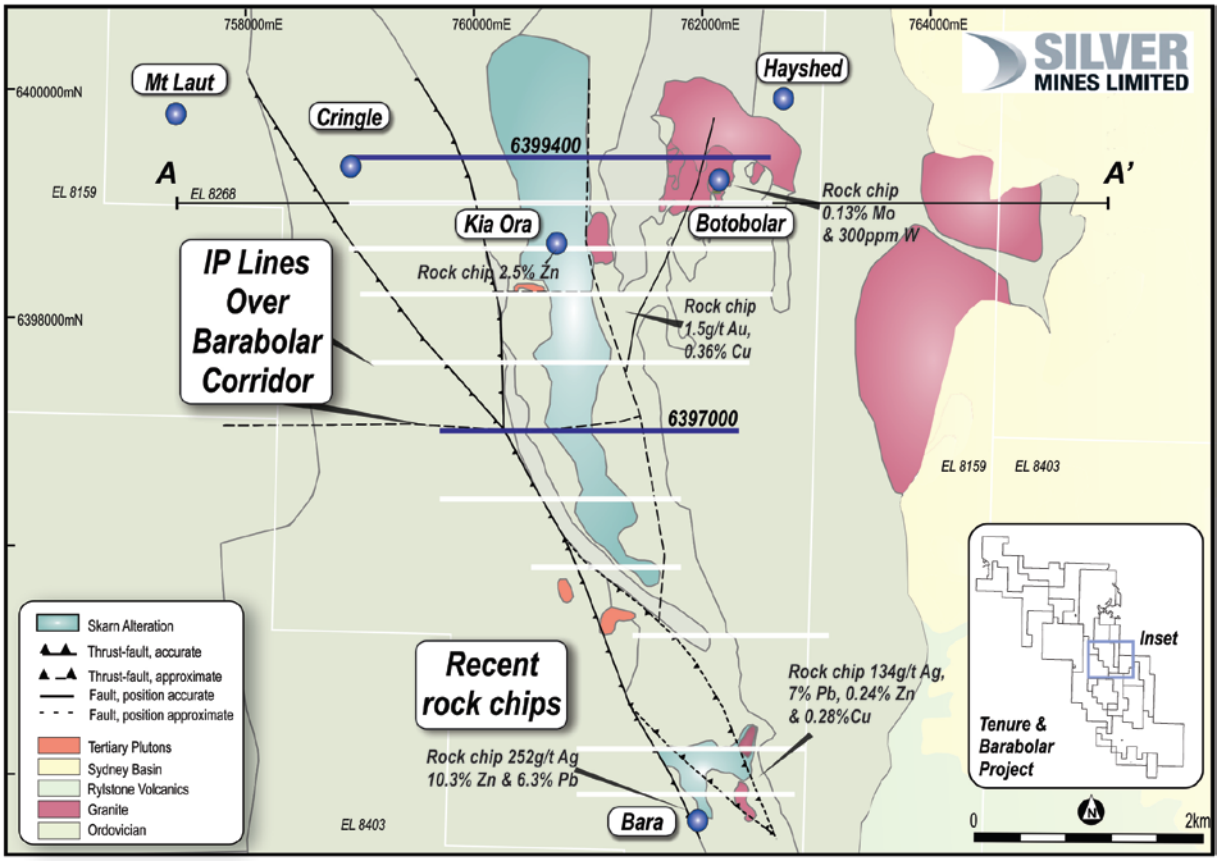

Figure 2. Barabolar Induced Polarisation Survey and recent rock chips on geology

Initial processing of the IP data into 2D format has been completed and further details along with 3D format analysis is expected to be carried out in the coming weeks.

Several chargeability anomalies (inferred to be sulphide accumulations) as illustrated in the cross-sections of the IP data, are coincident with skarn mineralisation and anomalous copper, zinc and silver in the soil sampling (*see Figures 3 and 4*). The convergence of datasets, namely the geophysics, the geochemistry, and the geological and structural mapping are producing a series of clear targets for various deposit styles from surface to below 300 metres depth.

Areas of high chargeability, high resistivity and mapped skarn are providing targets directly for skarn related mineralisation. This is illustrated, for example, on chargeability section 6399400N (*Figure 3*) and section 6397000N (*Figure 4*) where skarn mineralisation is coincident with zones of very high chargeability.

Areas of low resistivity, high chargeability and copper anomalism are providing targets directly for porphyry related mineralisation. Further details of chargeability and resistivity will be provided shortly with the completion of 2D and 3D processing and interpretation.

In total, at least 10 preliminary high-order targets have been identified and these are currently being prioritised for further work.

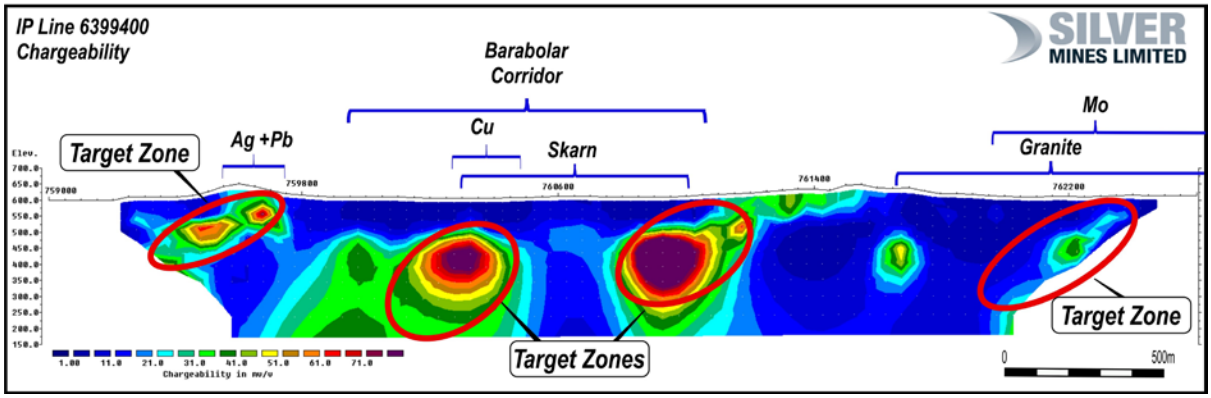

Figure 3. 2D inverted chargeability for IP line 6399400N, showing prospective geological features and zones of soil anomalism.

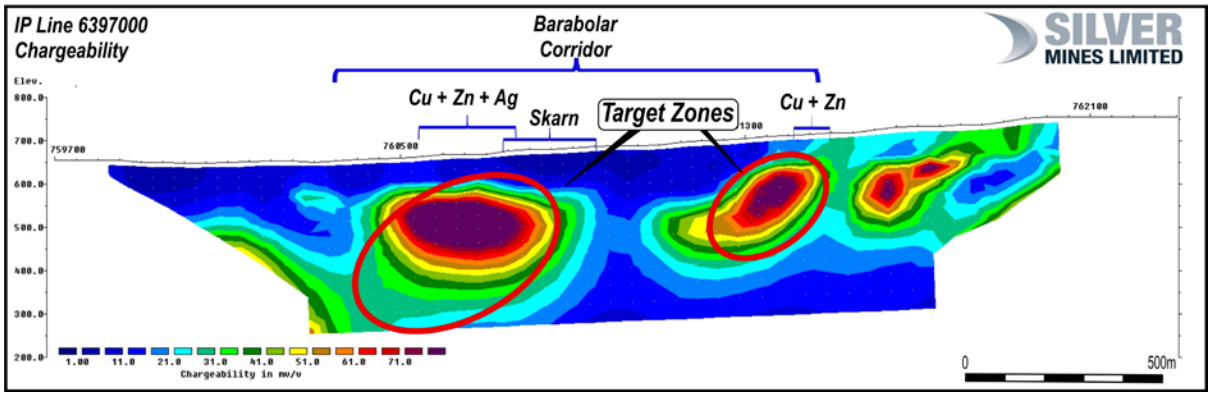

Figure 4. 2D inverted chargeability for IP line 6397000N, showing prospective geological features and zones of soil anomalism.

Barabolar Geology and Copper/Molybdenum Anomalism

The Barabolar IP survey was commissioned by the Company following an extensive surface program within the project area including geological and structural mapping, soil and rock chip geochemistry. The geological structural analysis was significantly aided by high resolution aerial magnetics and radiometrics flown by the Company in late 2016.

The Barabolar project extends from the historic Bara silver mine in the south to beyond the Botobolar molybdenum workings to the north. In addition, the Mt Laut quarry previously mined pyrophyllite (an aluminium silicate mineral), which is considered as a strong distal indicator of high sulphidation epithermal mineralisation associated with porphyry related copper-gold systems.

Geologically the Barabolar project consists of several intrusive phases including diorite and quartzolite intruding Ordovician stratigraphy consisting of volcanics, shales, and calcareous mudstones (replaced with skarn mineralisation). Mineralisation is observed in the volcanics (indicating the potential for volcanic hosted massive sulphide mineralisation); the skarn for epithermal mineralisation; and the intrusive rocks for porphyry related mineralisation. The Ordovician stratigraphy of this area is the eastern most representation of the Macquarie Arc that hosts the world-class Cadia-Ridgeway copper-gold mine. However, it is also possible that Permian age mineralisation, related to the nearby Bowdens silver deposit, is also represented in the Barabolar area. In research collaboration with the University of New South Wales to investigate the sources of mineralisation, results to date indicate that the main mineralising event is from an intrusive (porphyry) source not exposed at surface.

Rock chip sampling in the Barabolar area continues to return areas of specific interest. Recent rock chip samples retrieved from the Bara area (*see Figure 2, Table 1 and Appendix 1*) from a newly discovered exposure of the Bara Silver Mine mineralisation, has returned assays including 10.3% zinc and 6.4% lead, 252g/t silver, 0.16g/t gold and 0.19% copper. These rock chips both validate the high grade polymetallic nature of the Bara area mineralisation, as well as establishes a clear orientation for which to target drilling.

Table 1. Assay results for rock chip samples collected from the Barabolar Project.

Location	Sample Type	Silver (g/t)	Gold (g/t)	Copper (%)	Lead (%)	Zinc (%)	Molybde-num (%)	Tungsten (g/t)
Bara	Rock chip	134	0.09	0.28	7.0	0.25	0.02	<0.1
Bara	Rock chip	252	0.16	0.19	6.39	10.3	<0.01	1.2
Kia Ora[1]	Rock chip	2.4	0.05	0.12	0.08	2.5	<0.01	209
Kia Ora[1]	Rock chip	2.9	1.5	0.36	<0.01	<0.01	<0.01	5.95
Botobolar[1]	Rock chip	0.09	<0.02	<0.01	<0.01	<0.01	0.13	300

1. Previously released, (refer to ASX release of 14 December 2017)

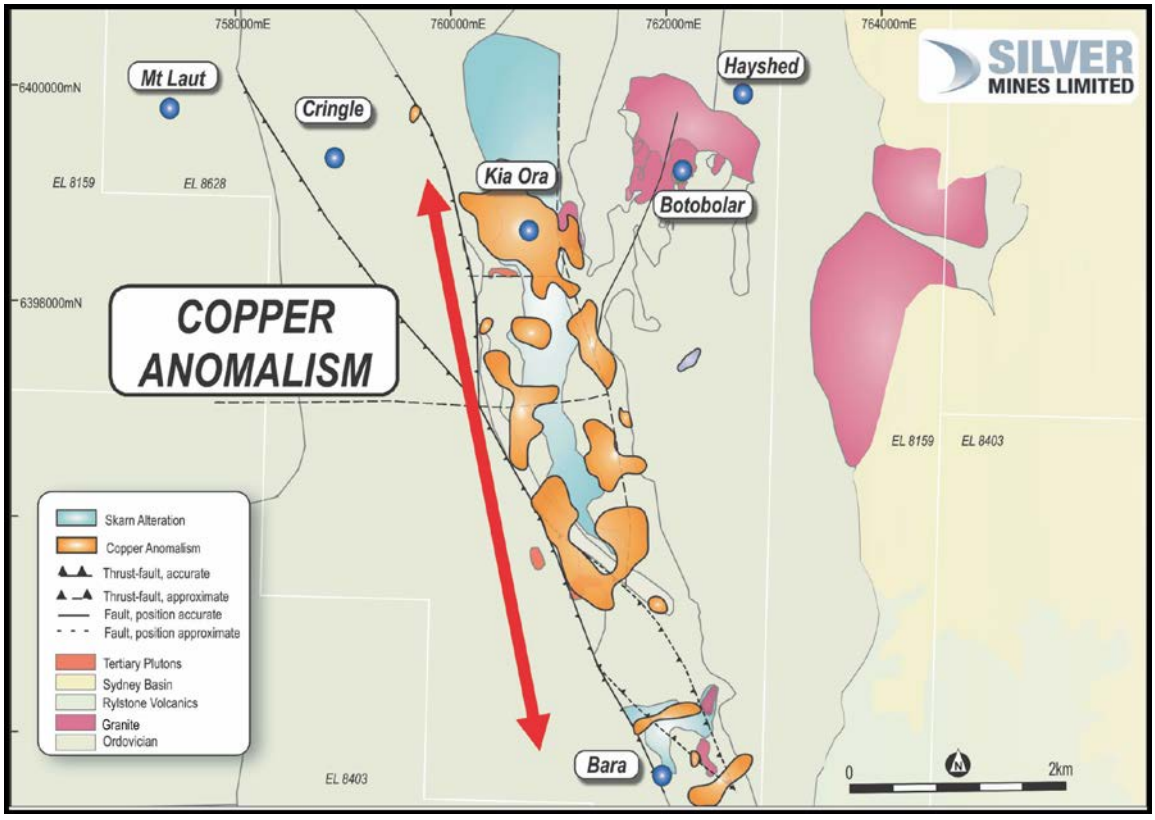

Figure 5. Copper anomalism > 100ppm in soils at Barabolar

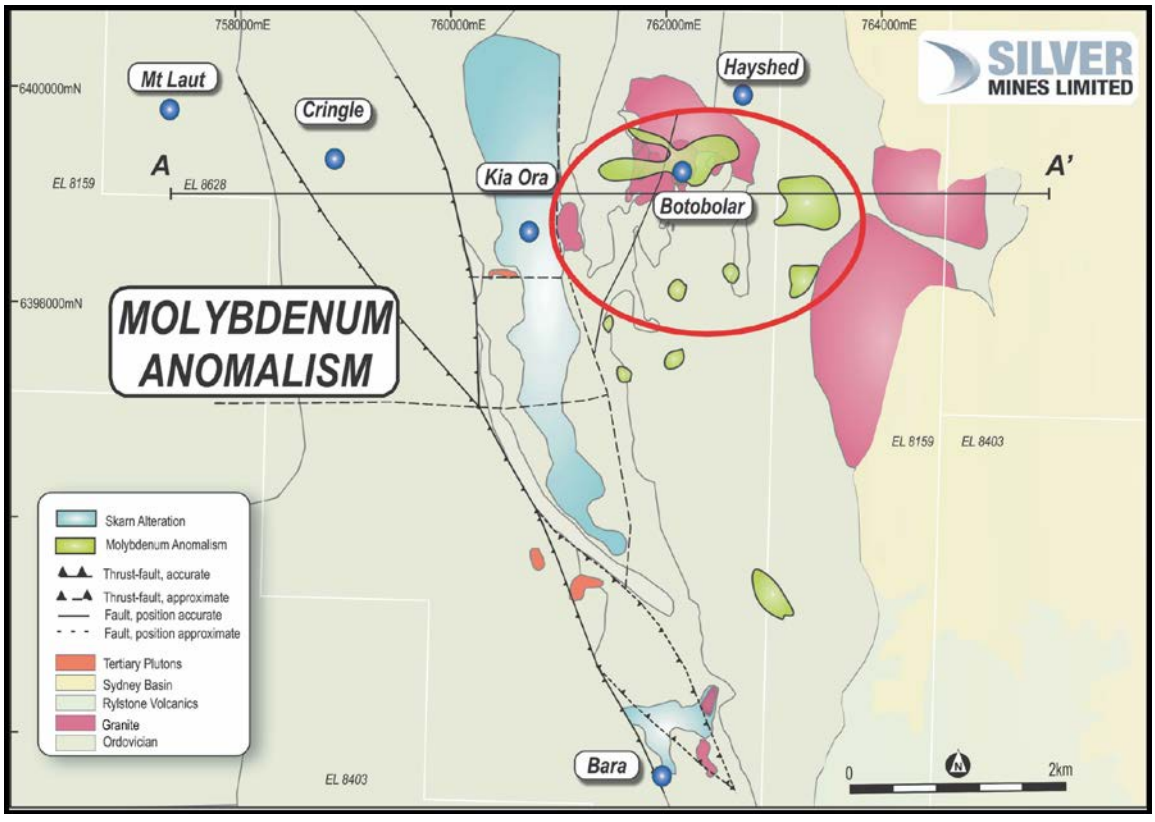

Figure 6. Molybdenum anomalism > 5ppm in soils at Barabolar

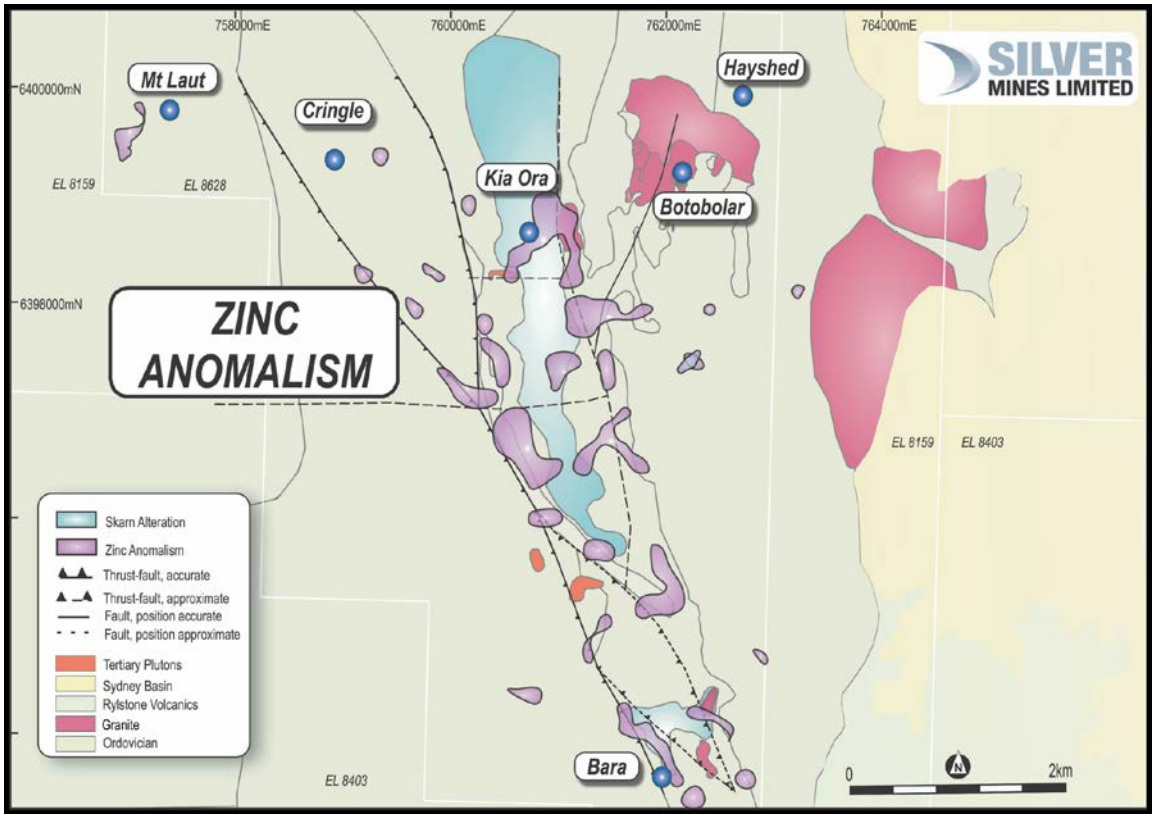

Figure 7. Zinc anomalism > 100ppm in soils at Barabolar

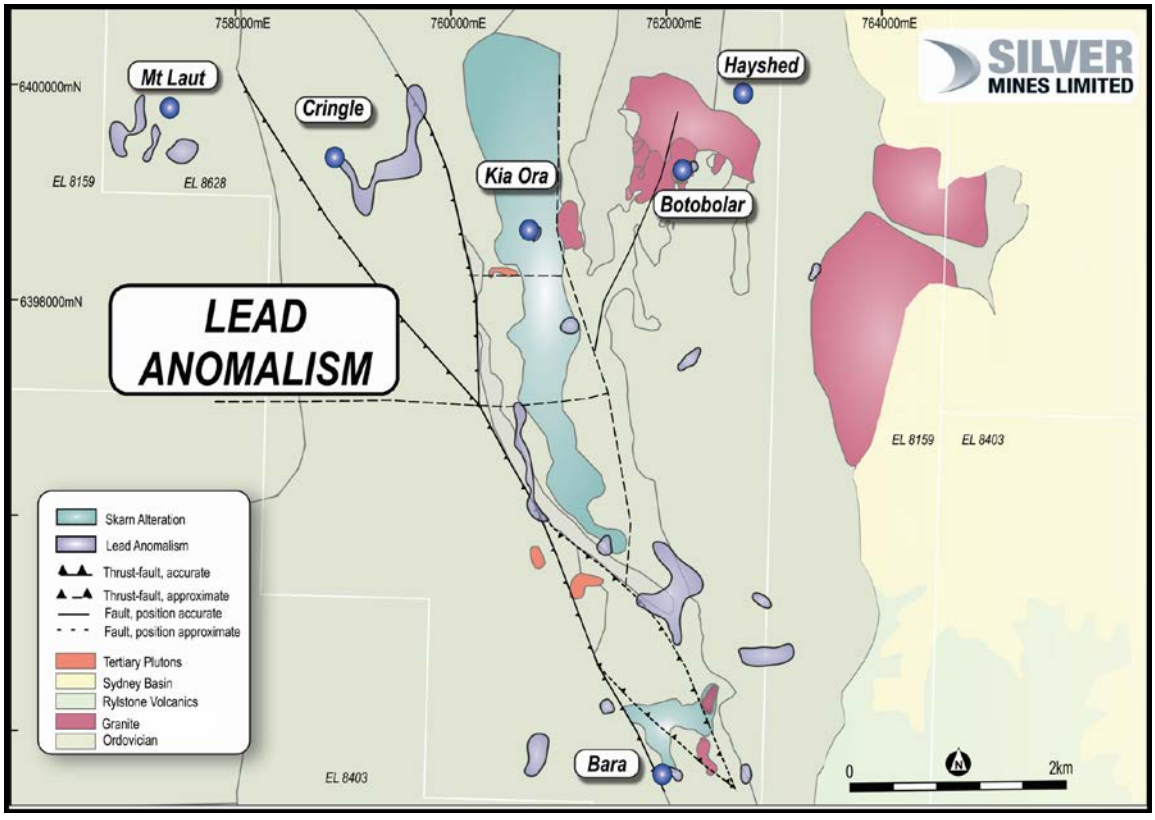

Figure 8. Lead anomalism > 50ppm in soils at Barabolar

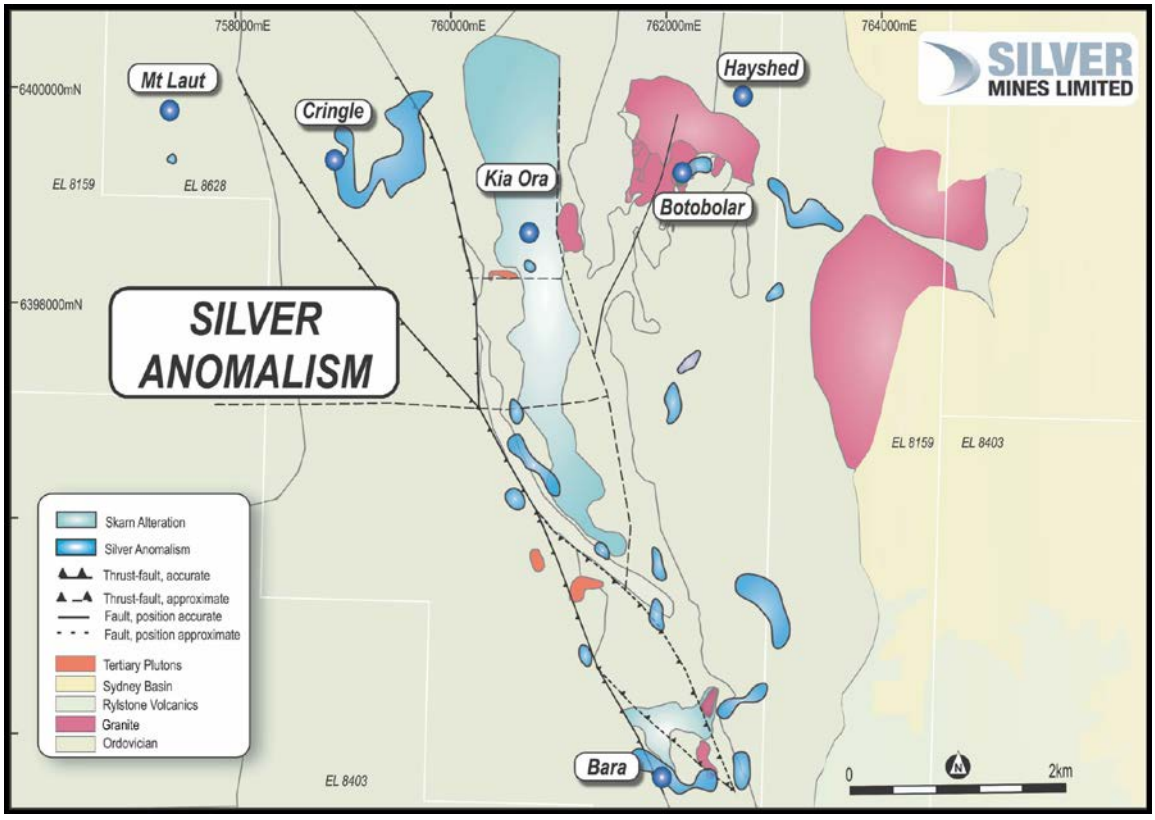

Figure 9. Silver anomalism > 300ppb in soils at Barabolar

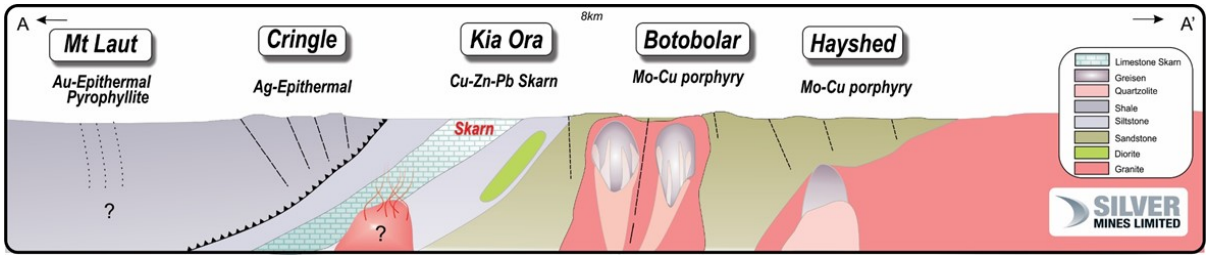

Figure 10. Barabolar schematic cross section.

Planned Drill Testing

Due to the number of high-order target zones, the Company is planning a comprehensive initial drilling program of up to 7500 metres of reverse circulation and diamond core drilling. Broad targets will be initially tested with shallow drill holes over 10 targets with 3 to 5 holes per target in a program amounting to up to 5,000 metres of drilling. Specifically, targeted deeper holes (minimum 250 metres in depth) totalling approximately 2500 metres will also be undertaken. Subject to planning and approvals, drilling is expected to commence in September 2018.

About the Barabolar Project

The Barabolar Project is located in central New South Wales, approximately 26 kilometres east of Mudgee (*see Figure 11*). The recently 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. Multiple target styles and mineral occurrences have potential throughout the district including analogues to Bowdens Silver, high-grade silver-lead-zinc epithermal and volcanogenic massive sulphide (VMS) systems and porphyry and skarn hosted copper-gold-molybdenum targets.

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

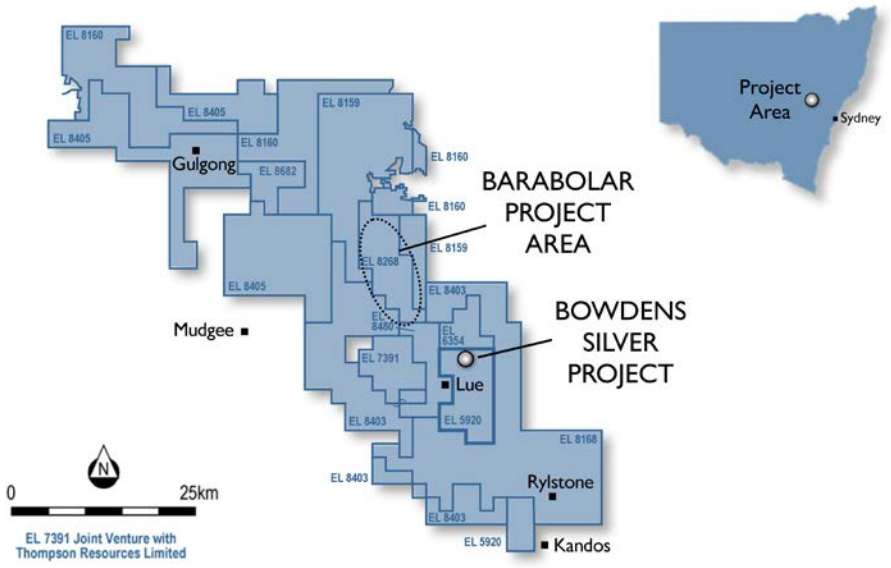

Figure 11. Bowdens Silver tenement holdings in the Mudgee district.

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About Silver Mines Limited

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

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

Competent Persons Statement

The information in this report that relates to mineral exploration from the Barabolar Project is based on information compiled by the Bowdens Silver team and reviewed by Mr Darren Holden who is an advisor to the Company. Mr Holden is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC code). Mr Holden consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Appendix 1 Rock Chip Sample Details.

Assay results for recent rock chip samples collected from the Bara Silver Mine prospect area.

Sample ID	Sample Type	MGA East	MGA North	Silver (g/t)	Gold (g/t)	Copper (%)	Lead (%)	Zinc (%)
64651	Rock chip	762627	6393796	134	0.09	0.28	7.0	0.25
65688	Rock chip	762150	6393364	252	0.16	0.19	6.39	10.3

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JORC Code, 2012 Edition – ANNEXURE 1

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
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.*	• The Induced Polarisation (IP) survey was conducted using a Dipole-dipole configuration with a 100 metre receiver dipole size and a 100 metre transmitter dipole size. The transmitter and receiver dipoles were moved at 100 metre intervals, achieving a 100 metre station spacing. • Lines were oriented east to west for the entire survey with line spacing ranging from 400 metres up to 1000 metres. • The transmitters used include a Scintrex TSQ-4 10kW and an IRIS VIP 4000 4kW. The survey data was collected with a frequency of 0.125 Hz. • The receiver used is a GDD Rx8-32 IP receiver. • Rock chips were taken from mine dump spoil and fresh outcrop samples. Samples were around 1.5kg in weight, placed in calico bags and assigned a sample number. Samples are placed in polyweave bags at the Bowdens Silver office and delivered by Bowdens Silver employees directly to ALS in Orange for analysis by ME-ICP61 and Au-AA25.
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).*	• No Drilling, not applicable.

Criteria	JORC Code explanation	Commentary
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.*	• No Drilling, not applicable.
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.*	• No Drilling, not applicable.
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.*	• No Drilling, not applicable.
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,*	• The IP survey method is commonly used to determine the location of disseminated sulphides. An external current is applied and charge separation can occur on sulphide grain boundaries. When the transmitter is turned off the charge decays. The degree to which this current forms and the nature of its decay once the primary current is switched off, can be measured over a short time period. • Rock mass containing disseminated sulphides, including pyrite, chalcopyrite, arsenopyrite and galena, become more readily charged

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.	than rock mass without these minerals. • The geophysical method utilised by Silver Mines is entirely appropriate to the style of mineralisation under consideration. • Rock chip samples dispatched to ALS Global in Orange, NSW for sample preparation by crushing and pulverising. Samples then undergo 33 multi-element analyses by 4 acid digestion using method ME-ICP61 and by fire assay method Au-AA25.
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.*	• All IP data was quality controlled and checked by Fender Gephysics geophysicists and then reviewed by GeoDiscovery Group for modelling. • Primary assay data is sent electronically from the lab to the SVL database administrator and then entered into the geological database for validation. • All assays are matched with the pre-entered field information and loaded directly from the output provided by the laboratory with no manual entry of assays undertaken. • No adjustments were made or required to be made to the assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• All transmitter and receiver electrode locations were located by hand held GPS to an accuracy of 3 metres. • Elevation for the survey area has been sourced from the Company's own digital terrain model data acquired in conjunction with the airborne magnetic and radiometric survey, flown in 2016. • Rock chip samples are surveyed with a hand-held GPS garmin unit which has an accuracy to around 3m.
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.*	• The IP survey is configured with a 100 metre receiver dipole size and a 100 metre transmitter dipole size. • All survey lines are oriented east to west. • Rock chip samples randomly taken from prospective outcrop and mine spoil locations.
Orientation of data in relation	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the*	• The primary line direction is oriented perpendicular to the key geological, structural and mineralisation trends within the Barabolar Corridor, which is 330° to 350° magnetic trend.

Criteria	JORC Code explanation	Commentary
to geological structure	*orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	
Sample security	• *The measures taken to ensure sample security.*	• All data was reviewed for quality and accuracy and stored daily by Fender Geophysics. • IP data was transferred securely via email to Silver Mines and GeoDiscovery Group, where at Silver Mines it is stored on a local secure server and backed up daily. • Rock chip samples boxed on site under the supervision of Silver Mines geologists with sample bags tied with cable ties before being driven by site personnel to the laboratory in Orange, NSW (~200km from the site)
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• All data was quality assured by Fender Geophysics, and again by GeoDiscovery Group. • No major issues with data quality have arisen during the survey. • No external reviews of the rock chip geochemical data have been undertaken.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Barabolar Project is located wholly within Exploration License No EL8268, held by Silver Mines Limited. This is located approximately 26 kilometres east of Mudgee, New South Wales.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The Barabolar Project area encompasses a number of previously separate prospects which have been variously explored by previous companies. These companies include but are not limited to: Australian Anglo-American Prospecting, Newmont Limited, Newcrest,

Criteria	JORC Code explanation	Commentary
		Silver Standard Australia and Central West Gold Limited. The most significant results from some of this work has been detailed in a previous announcement – *See SVL announcement, 14th December 2017; https://www.silvermines.com.au/wp-content/uploads/2017/12/svl_asx_14_december_2017.pdf*
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Barabolar Project represents a potential shallow level porphyry Cu-Au-Mo system with associated skarn and epithermal mineralisation, hosted with Ordovician sediments and volcanics, and Carboniferous granites. • Mineralisation includes vein hosted molybdenite and pyrite within D veins and semi stockwork veins, as well as disseminated chalcopyrite – bornite – galena – sphalerite overprinting prograde skarn assemblages and peripheral epithermal quartz sulphide veins. • Mineralisation of molybdenite in veins is nearly vertical, whereas disseminated base metal sulphides in skarn units are dipping towards the west, parallel to stratigraphy. More information is required to determine fully the true orientation of mineralisation as a whole.
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:* o *easting and northing of the drill hole collar;* o *elevation or RL (Reduced Level elevation above sea level in metres) of the drill hole collar;* o *dip and azimuth of the hole;* o *down hole length and interception depth; and* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• All historical drilling information is included in Appendix 1 and 2 of the previous report. - *See SVL announcement, 14th December 2017; https://www.silvermines.com.au/wp-content/uploads/2017/12/svl_asx_14_december_2017.pdf*
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*	• All historical information is included in Appendix 1 and 2 of the previous report. - *See SVL announcement, 14th December 2017; https://www.silvermines.com.au/wp-content/uploads/2017/12/svl_asx_14_december_2017.pdf*

Criteria	JORC Code explanation	Commentary
	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.*	
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').*	• Insufficient information is available at this stage to ascertain the true dip of structures and mineralisation.
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.*	• Maps and cross-sections of IP results provided in the body of this report.
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.*	• All historical information is included in the previous report. - *See SVL announcement, 14th December 2017; https://www.silvermines.com.au/wp-content/uploads/2017/12/svl_asx_14_december_2017.pdf*
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.*	• This report relates to IP geophysical 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.*	• This report builds on a new model of mineralisation at the Barabolar Project (*See SVL announcement, 14th December 2017; https://www.silvermines.com.au/wp-content/uploads/2017/12/svl_asx_14_december_2017.pdf*), which is very much still a greenfields target. As such, exploration activities will be designed to account for a broad system of formation and extents to mineralisation.