

25 January 2019Company Announcement Officer
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000**ACTIVITIES REPORT FOR THE QUARTER ENDED
31 December 2018****Highlights**

- **Drilling commenced at the Barabolar Project, in New South Wales.**
- **Exceptional porphyry and polymetallic epithermal targets.**
- **Initial program of up to 7,500 metres of reverse circulation and diamond drilling.**
- **Specific drill targets include;**
 - **Copper-silver-lead-zinc (+gold) polymetallic systems at Bara Mine & Bara North Prospects.**
 - **Epithermal gold systems at Cringle Prospect where surface sampling recently returned high-grade gold and silver.**
 - **Porphyry copper-gold targets at several locations highlighted by strong induced polarization and geochemical anomalies.**
- **Visual observations of mineralisation and alteration along with initial assay results from the Bara and Cupola areas are indicative of a proximal epithermal/porphyry system.**

Introduction

During the December 2018 quarter, Silver Mines Limited (“Silver Mines” or “the Company”) continued to progress exploration activities at the Barabolar Project as well as preparation of the Environmental Impact Statement for the Bowdens Silver Project both located in central New South Wales. The projects are situated approximately 26 kilometres east of Mudgee (*Figure 1 and Figure 2*). The combined project area comprises 2,007 km² (496,000 acres) of titles covering approximately 80 kilometres of strike of highly prospective volcanics and sediments intruded by several phases of porphyry and granitoid rocks. Multiple target styles and mineral occurrences have potential throughout the district including analogues to Bowdens Silver, high-grade silver-lead-zinc epithermal, gold-silver epithermal, volcanogenic massive sulphide (VMS) systems and porphyry and skarn hosted copper-gold-molybdenum targets.

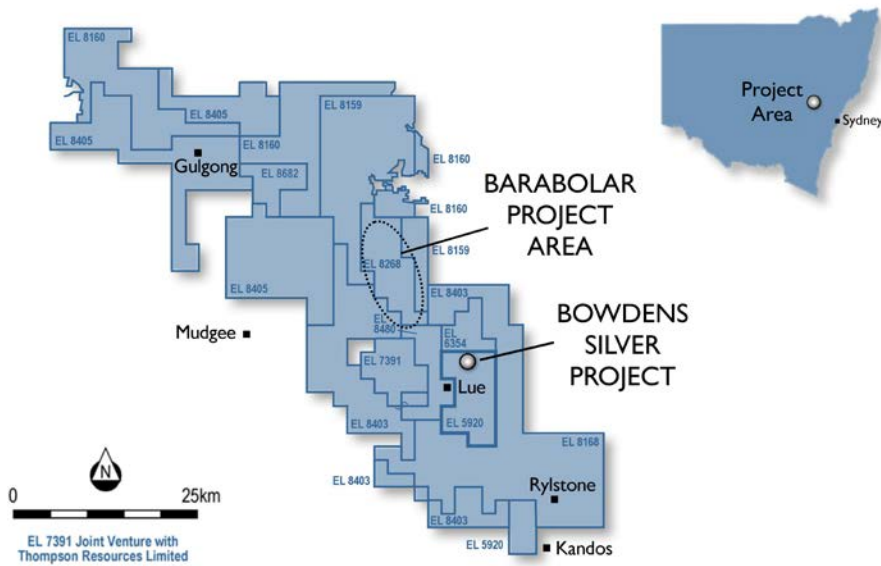


Figure 1. Bowdens Silver tenement holdings in the Mudgee district.

Barabolar Project

With interpretation of Induced Polarisation (IP) geophysical data from the Barabolar Project and integration with geological mapping and soil geochemistry data, five high-priority targets were determined for immediate drilling. Initial drilling commenced during the December 2018 quarter.

The Barabolar Project is a high-quality exploration project located within the highly prospective Macquarie Arc that hosts world-class mineral systems such as the Cadia-Ridgeway porphyry copper-gold deposit. Barabolar consists of a nine kilometre-long corridor of copper, silver, lead and zinc soil anomalies with some association with gold in rock chip samples (*refer release 19 July 2018*). The rocks of the project area are Ordovician age (the same as Cadia-Ridgeway) and include sedimentary and volcanic rocks, an extensive skarn (highly altered limestone), and several porphyritic intrusions. The presence of pyrophyllite alteration, along with areas of intense silicification, and argillic alteration, is indicative of high-sulphidation epithermal systems consistent with copper-gold porphyry targets.

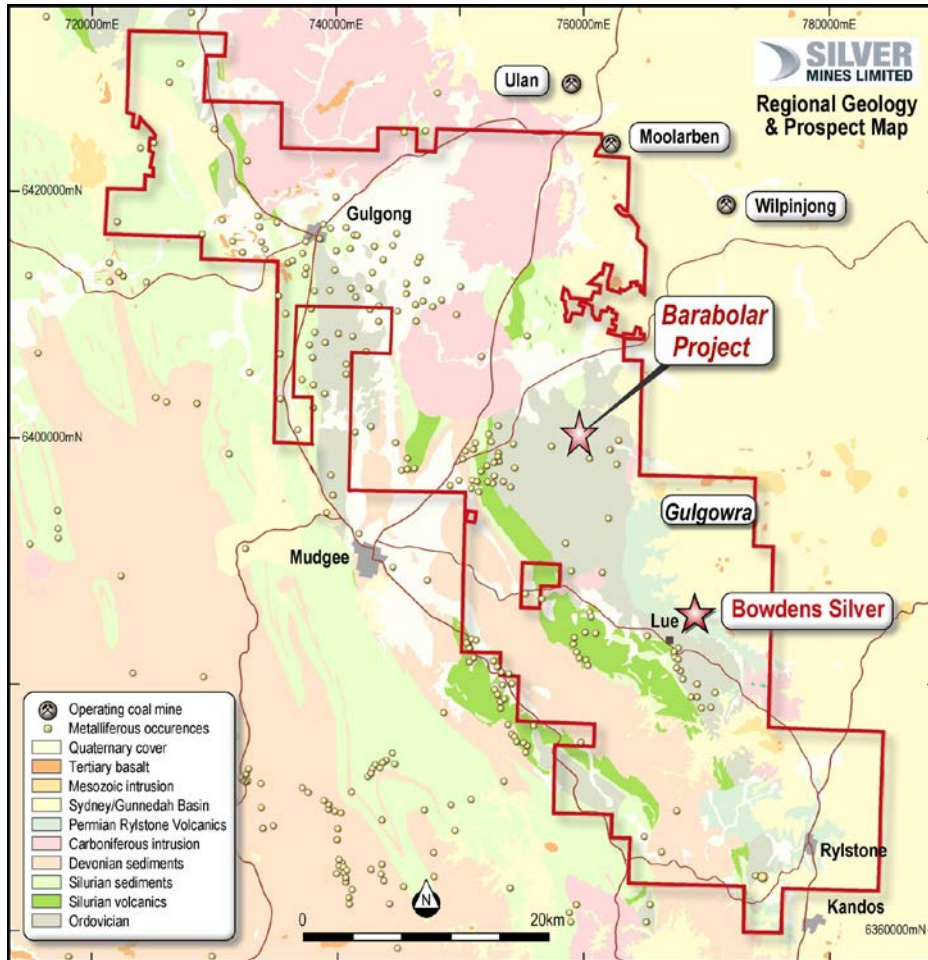


Figure 2. Location of Barabolar Project

Exploration Drill Program

During the December 2018 quarter drilling commenced at the prospective southern targets (see Figure 3) being the Bara Mine, Bara North and Cupola South prospects with approvals having been received for this work. For the northern drilling including the drilling at the Cringle Prospect where recent surface sampling returned high-grade gold and silver (refer to release dated 17 September 2018), drilling is subject to final environmental approvals which are expected shortly. Other potential areas for drilling are conditional on landholder access. Results from the program are expected during the March 2018 quarter.

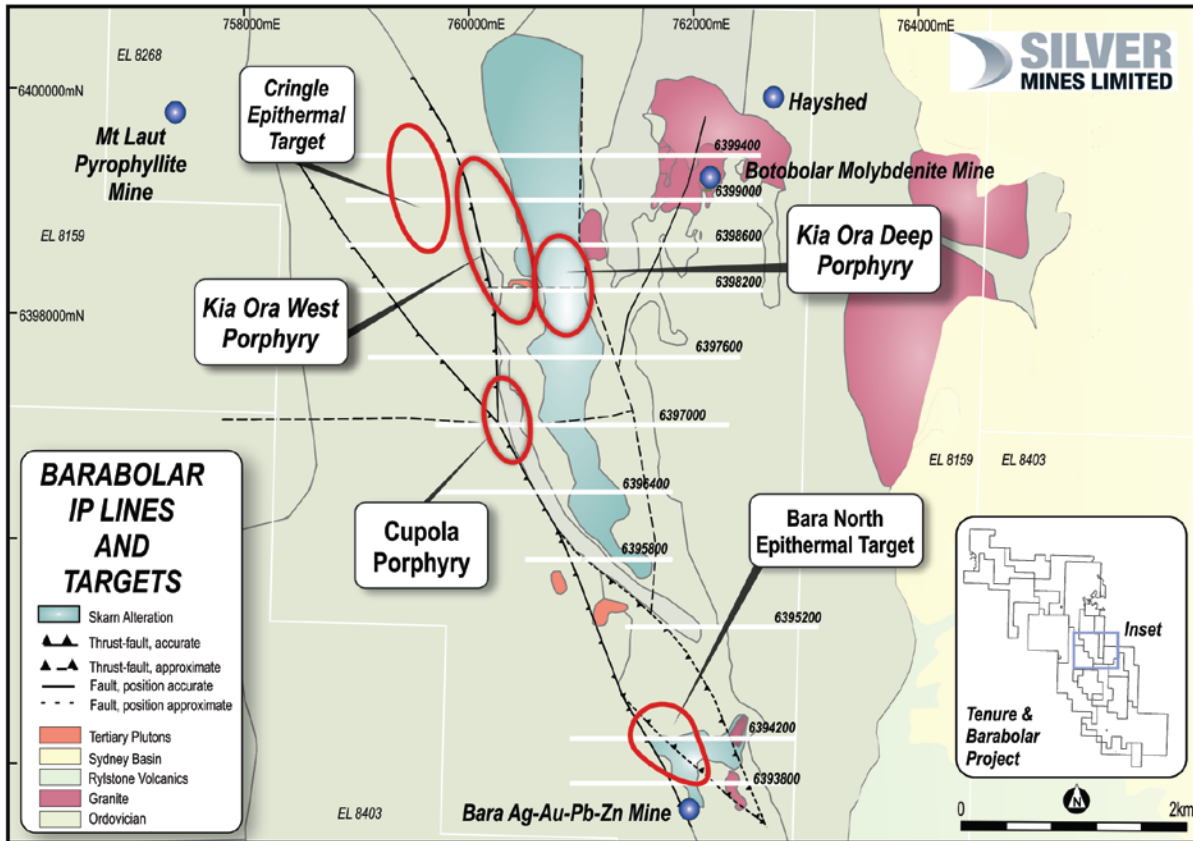


Figure 3 Barabolar prospect and geology map

By the end of the December 2018 quarter, a total of eight reverse circulation (RC) drill holes (BAR18001-18008) had been completed for 1,615 metres across the Bara Mine, Bara North, Cupola South and Cupola prospects (*refer to Appendix 1*). Although not all results have been returned and analysed to date, the drilling has isolated areas of low-grade mineralisation for future follow up. Mineralisation and alteration are indicative of being proximal epithermal/porphyry systems. Hole BAR18003 was stopped short of its 250 metre target depth due to highly fractured/faulted ground at 133 metres and did not intersect the main target—a strong resistivity anomaly. This hole will be continued with diamond drilling.

Elsewhere, work is on-going at the Barabolar Project area with the expansion of mapping and surface sampling across the western section of the prospective corridor. It is likely that further drill targets will be defined.

Bowdens Silver Project - Environmental Impact Statement

The Company, in conjunction with its specialist consultants, is in the final stages of completing the Environmental Impact Statement (EIS) for the Bowdens Silver Project. The EIS follows the successful completion of the Bowdens Silver Project Feasibility Study in the June 2018 quarter.

There are no foreseeable issues that would cause concern in regards to the awarding of development approvals and the granting of a Mining Lease.

Government and Community Engagement

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.

Agreement with Thomson Resources

During the December 2018 quarter, the Company announced the completion of an agreement with Thomson Resources Limited (ASX:TMZ) with regards to EL 7391 located approximately 25 kilometres east of Mudgee in New South Wales (*refer to ASX release of 14th December 2018*).

The agreement is an update to a previous agreement (*refer to ASX release of 5th December 2015*) and allows for Silver Mines to earn up to an 80% interest in the licence by sole funding \$380,000 over three years of which \$80,000 has been expended.

During the December 2018 quarter, EL 7391 was granted for a further six years to 2024.

Subject to landholder access, Silver Mines' initial plans include further defining known soil geochemistry anomalism and undertaking ground based electromagnetic work prior to any drilling.

Other Projects

During the previous quarters, reconnaissance geological and geochemical work was completed at the Webbs, Conrad and Tuena Projects in New South Wales. The Company also continues environmental remediation work at the Webbs and Conrad areas.

The Company continues to assess exploration options and other options for these prospective projects.

Corporate

Subsequent to the end of the quarter, the Company's subsidiary Bowdens Agriculture Pty Ltd entered an initial financing facility for \$1,010,000 with Westpac Banking Corporation. The facility is provided for the purchase of agricultural freehold land in proximity to the Bowdens Silver Project and is associated to land requirements as part of future mining activities.

This initial facility is provided by way of reimbursement of recent acquisitions and is available for general working capital purposes.

With further agricultural acquisitions targeted in the future, additional expansion to the current facility is envisaged.

Servicing of the current and future facility will be provided from cashflow from farming activities.

About the Barabolar Project and Bowdens Silver Project

The Barabolar Project is located in central New South Wales, approximately 26 kilometres east of Mudgee (see *Figure 1*). The consolidated project area comprises 2,007 km² (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.

Further information:

Anthony McClure
Managing Director
Silver Mines Limited
+61 2 8316 3997

Luke Forrestal
Associate Director
M+C Partners
+61 411 479 144

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 Barabolar Project Drill Hole Details

Prospect	Hole ID	GDA94 East	GDA94 North	RL (m)	Dip	Azimuth (grid)	Depth (m)	Comment
Bara Mine	BAR18001	761926	6393592	659	-55	112	210	
Bara Mine	BAR18002	761919	6393598	663	-55	94	168	
Bara North	BAR18003	761668	6393791	682	-60	90	133	To be extended with diamond core
Bara North	BAR18004	761875	6394197	694	-60	90	198	
Cupola South	BAR18005	761949	6395154	693	-60	340	198	To be extended with diamond core
Cupola	BAR18006	761275	6396360	711	-60	90	210	
Cupola	BAR18007	760780	6396360	700	-60	90	210	
Cupola	BAR18008	760057	6396929	653	-60	80	181	To be extended with diamond core

Tenement Information as at 31 December 2018

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 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. Silver Mines Limited earning 80%.

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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Sampling taken from reverse circulation (RC) drill chips and will be from HQ diamond core. RC samples collected on a 1m interval from a cone splitter for holes BAR18001 to BAR18003 and a riffle splitter for holes BAR18004 to BAR18008. HQ size core - all samples taken as nominal 1 metre intervals from quarter-cut core and from the same side of the core. Each sample represents approximately 2 kilograms of material Each sample was sent for multi-element assay using ICP techniques and fire assay with the entire sample pulverized and homogenized with a 50g extract taken for assay. Assays are considered representative of the sample collected.
Drilling techniques	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> RC drilling using a 139mm hammer. Diamond drilling undertaken using HQ diamond core rig with triple tube for maximum core retention. All core, where unbroken ground allows, is oriented by drilling team and an orientation line drawn along the base of the hole.

Criteria	JORC Code explanation	Commentary
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> <i>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.</i> 	<ul style="list-style-type: none"> Core recovery is estimated at greater than 95%. Some zones (less than 10%) were broken core with occasional clay zones where some sample loss may have occurred. However, this is not considered to have materially affected the results. RC samples are visually inspected for each metre and assessed for recovery, contamination and effect of water if present. No significant relationship between sample recovery and grade is anticipated.
<i>Logging</i>	<ul style="list-style-type: none"> <i>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.</i> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> All diamond holes are logged using lithology, alteration, veining, mineralization and structure including geotechnical structure. RC chip samples are logged using lithology, alteration, veining and mineralization. All core and chip trays are photographed using both wet and dry photography. In all cases the entire hole is logged by a geologist.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core were taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>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.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> Selective sub-sampling based on geology to a minimum length of 0.3m for diamond core, while based on metre runs for RC sampling. RC samples are collected from a cone and then a riffle splitter at a 6% split. The cyclone/splitter system is checked periodically throughout each hole and cleaned when necessary. RC samples were split on the cyclone into two calico sample bags and a bulk reject. The two calico bags are an A and a B sample, with the A sample being sent to the lab where an assay is required. The two sample bags are visually checked for even sample distribution. All core is cut using a Corewise core saw with core rotated 10 degrees to the orientation line to preserve the orientation for future reference. The half (HQ) of the core without the orientation line is then halved again, 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.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibration factors applied and their derivation, etc. Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Samples dispatched to ALS Global laboratories in Orange NSW for sample preparation and gold analysis Au-AA25 and 33 multi-element analysis using method ME-ICP61. Site Standards are inserted every 20 samples to check quality control and laboratory standards and blanks every 25 samples to further check results.
Verification of sampling and assaying	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Geology has been logged by site-geologists and significant intersections identified. All geological logging is entered digitally before inputting into a Maxwell Geoservices database schema. Primary assay data is sent electronically from the lab to the Silver Mines database administrator and then entered into the geological database for validation. All assays matched with the logging sheets and loaded directly from the output provided by the laboratory with no manual entry of assays undertaken. No adjustments were made or required to be made to the assay data.
Location of data points	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The collar position is initially surveyed using hand-held GPS with accuracy of +/- 3 metres. Down hole surveys collected every 50 metres using an electronic downhole reflex survey camera. The terrain includes steep hills and ridges with a topographical model derived from regional and locally flown altimeter data captured alongside magnetic and radiometric data. All collars recorded in MGA94 zone 55.
Data spacing and distribution	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> This drilling is designed as preliminary exploration and reconnaissance based on coincident geological, geophysical and geochemical targets. The Barabolar corridor stretches across nearly 9 kilometres where the Company has prospective targets throughout. Drill spacing at this

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	<p>stage is broad but consistent with the existing surface data the Company has on the project.</p> <ul style="list-style-type: none"> Sample compositing has not been applied.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Drill orientation was designed to intersect the projection of lithology and structure based on surface mapping. The orientation of mineralisation is yet to be fully established.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> All samples bagged on site under the supervision of senior geologists and field hands with sample bags tied with cable ties before being driven by site personnel to the ALS laboratory in Orange, NSW (~200km from the site)
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Barabolar Project is located wholly within Exploration Licence No EL8268, held wholly by Silver Mines Limited and is located approximately 26km east of Mudgee, New South Wales. The tenement is in good standing. The project has a 1.85% Gross Royalty over 100% of EL8268.

Criteria	JORC Code explanation	Commentary
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> New drilling reported under this table is based on work conducted solely by Silver Mines/Bowdens Silver.
<i>Geology</i>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> The Barabolar Project consists of Ordovician age volcanics and sedimentary rocks intruded by several granitic, dacitic and dioritic intrusions. The ages of the intrusions are interpreted at between Ordovician and Carboniferous age, although some may be younger. Mineralisation observed at surfaces relates principally to skarn mineralisation, though the Company is using the skarn system to assist in targeting intrusive related (porphyry style) and epithermal base and precious metal deposits.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <i>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:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar;</i> <i>elevation or RL (Reduced Level elevation above sea level in metres) of the drill hole collar;</i> <i>dip and azimuth of the hole;</i> <i>down hole length and interception depth; and</i> <i>hole length.</i> <i>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.</i> 	<ul style="list-style-type: none"> All information is included in Appendix 1 of this report.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <i>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.</i> <i>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.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> No assay results are being reported in this report.

Criteria	JORC Code explanation	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>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').</i> 	<ul style="list-style-type: none"> • No assays reported here. The visual mineralisation (sulphide) forms in veins. With this report mainly detailing RC drilling, the orientation of drilling versus the mineralized (sulphide zones) is not established.
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Maps provided in the body of this report.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • No results have been received to date. Drilling is ongoing with results expected to provide an assessment of mineralised zones encountered.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including but not limited to: geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics and potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • This report relates to drill data reported from this program.
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • This report relates to a drill program that is designed to test a range of geophysical induced polarization chargeability targets and surface geological targets. Drilling is on-going with results pending.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Silver Mines Limited

ABN

45 107 452 942

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	84	136
1.2 Payments for		
(a) exploration & evaluation	(530)	(1,551)
(b) development	-	-
(c) production	-	-
(d) staff costs	(468)	(926)
(e) administration and corporate costs	(379)	(1,062)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	9
1.5 Interest and other costs of finance paid	(2)	(3)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	651
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,289)	(2,746)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	(679)	(1,009)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	29	58
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) 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	(650)	(951)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	237	3,846
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(331)
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 (transfer for June capital raising)	-	-
3.10 Net cash from / (used in) financing activities	237	3,515

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,251	731
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,289)	(2,746)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(650)	(951)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	237	3,515
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period**	549	549

Mining exploration entity and oil and gas exploration entity quarterly report

**Subsequent to the end of the quarter, the Company's subsidiary Bowdens Agriculture Pty Ltd entered an initial financing facility for \$1,010,000 with Westpac Banking Corporation. The facility is provided for the purchase of agricultural freehold land in proximity to the Bowdens Silver Project and is associated to land requirements as part of future mining activities.

This initial facility is provided by way of reimbursement of recent acquisitions and is available for general working capital purposes.

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	549	2,251
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)	549	2,251

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

134

Nil

Directors' fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

Nil

Nil

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	250
9.2 Development	-
9.3 Production	-
9.4 Staff costs	300
9.5 Administration and corporate costs	200
9.6 Other (Other assets)	-
9.7 Total estimated cash outflows	750

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

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.

Sign here: SIGNATURE ON FILE
 (Company secretary)

Date: 25 January 2019

Print name: Trent Franklin

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.