



SILVER MINES LIMITED and its controlled entities

**HALF YEAR FINANCIAL REPORT
For the six months ended
31 December 2023**

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CORPORATE DIRECTORY

Directors

Keith Perrett – Non-Executive Chairman

Jonathan Battershill – Managing Director (appointed 1 January 2024, was formerly a Non-Executive Director)

Anthony McClure – Managing Director (resigned 31 December 2023)

Kristen Podagiel – Non-Executive Director

Company Secretary

Trent Franklin

Australian Company Number

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DIRECTORS' REPORT

The Directors present their report on Silver Mines Limited and its controlled entities for the half-year ended 31 December 2023.

DIRECTORS

The Directors of Silver Mines Limited during the financial period and until the date of this report are:

Keith Perrett	<i>Non-Executive Chairman</i>
Anthony McClure	<i>Managing Director (resigned 31 December 2023)</i>
Jonathan Battershill	<i>Managing Director (appointed 1 January 2024, was formerly a Non-Executive Director)</i>
Kristen Podagiel	<i>Non-Executive Director</i>

PRINCIPAL ACTIVITIES

Silver Mines Limited ("Silver Mines" or the "Company") and its controlled entities (Collectively, the "Group") focus throughout the first half of the financial year ending 30 June 2024 ("2024 Financial Year") involved the continued advancement of the Bowdens Silver Project, including progressing its Mining Lease Application and other documentation to the New South Wales Department of Planning, Industry and Environment for the development of the Bowdens Silver Project. In addition, substantial exploration works continue to be undertaken by the Group.

PROJECTS

Bowdens Silver Project

Introduction

During the first half of the 2024 Financial Year ("Half Year Period"), the Company focussed on the continued pre-development works and mineral exploration at the Bowdens Silver Project located near Mudgee in the Central Tablelands Region of New South Wales, Australia. The Company is in the final stages of the approval processes for the development of the Bowdens Silver Project.

The Project comprises 2,115 km² (521,000 acres) of titles covering approximately 80 kilometres of strike of the highly mineralised Carboniferous Rylstone Volcanics overlying Ordovician and Silurian formations. The area also hosts the Company's Barabolar Project.

The Group holds 100% of Exploration Licence EL5920 which contains the Bowdens Silver Deposit. In addition, the Group holds exploration licences EL6354, EL8159, EL8160, EL8168, EL8268, EL8403, EL8405, EL8480, EL8682 and EL9580 (*Refer to Figure 1*).

DIRECTORS' REPORT

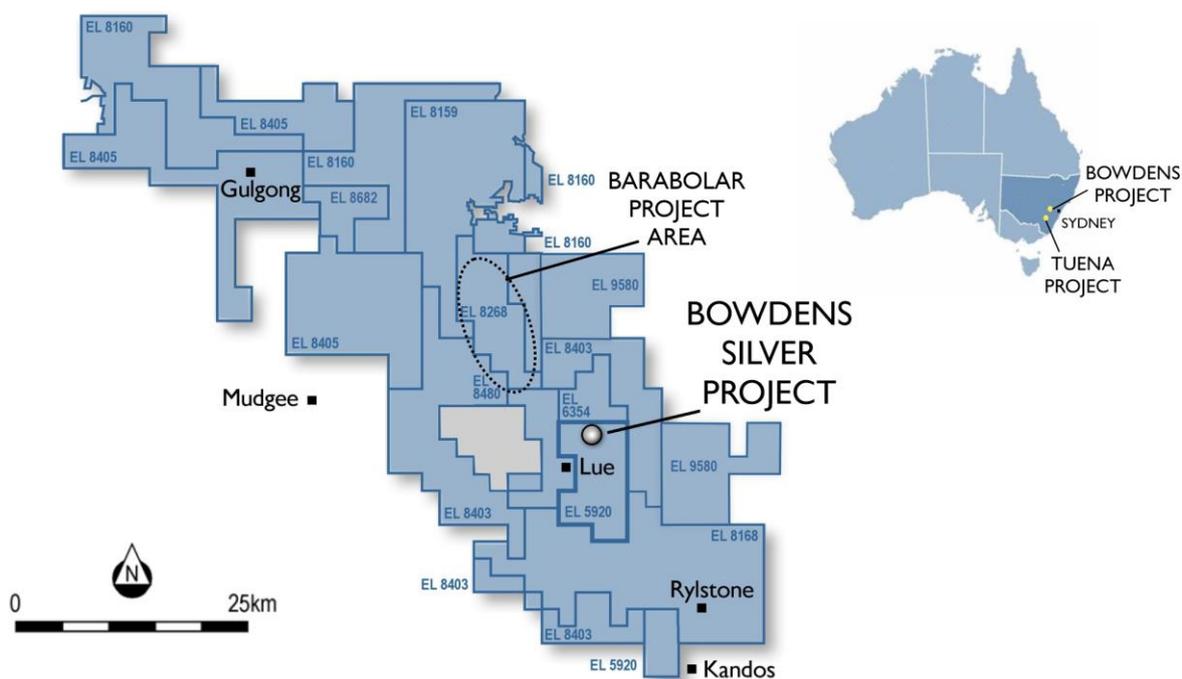


Figure 1: Silver Mines Limited Tenement and Project locations in the Mudgee district

Description

The Bowdens Silver Project is the largest known undeveloped silver mineral resource in Australia.

The tenement portfolio is situated on the eastern margin of the Lachlan Orogen/Macquarie Arc. The Project comprises the highly mineralised Rylstone Volcanics and the on-lapping later Permian sedimentary units of the Shoalhaven Group within the Sydney Basin. The Rylstone Volcanics unconformably overlie the Ordovician Coomber Formation and Silurian Dungaree Volcanics (Refer to Figure 2). Several intrusions cross-cut Ordovician, Silurian and Carboniferous units.

DIRECTORS' REPORT

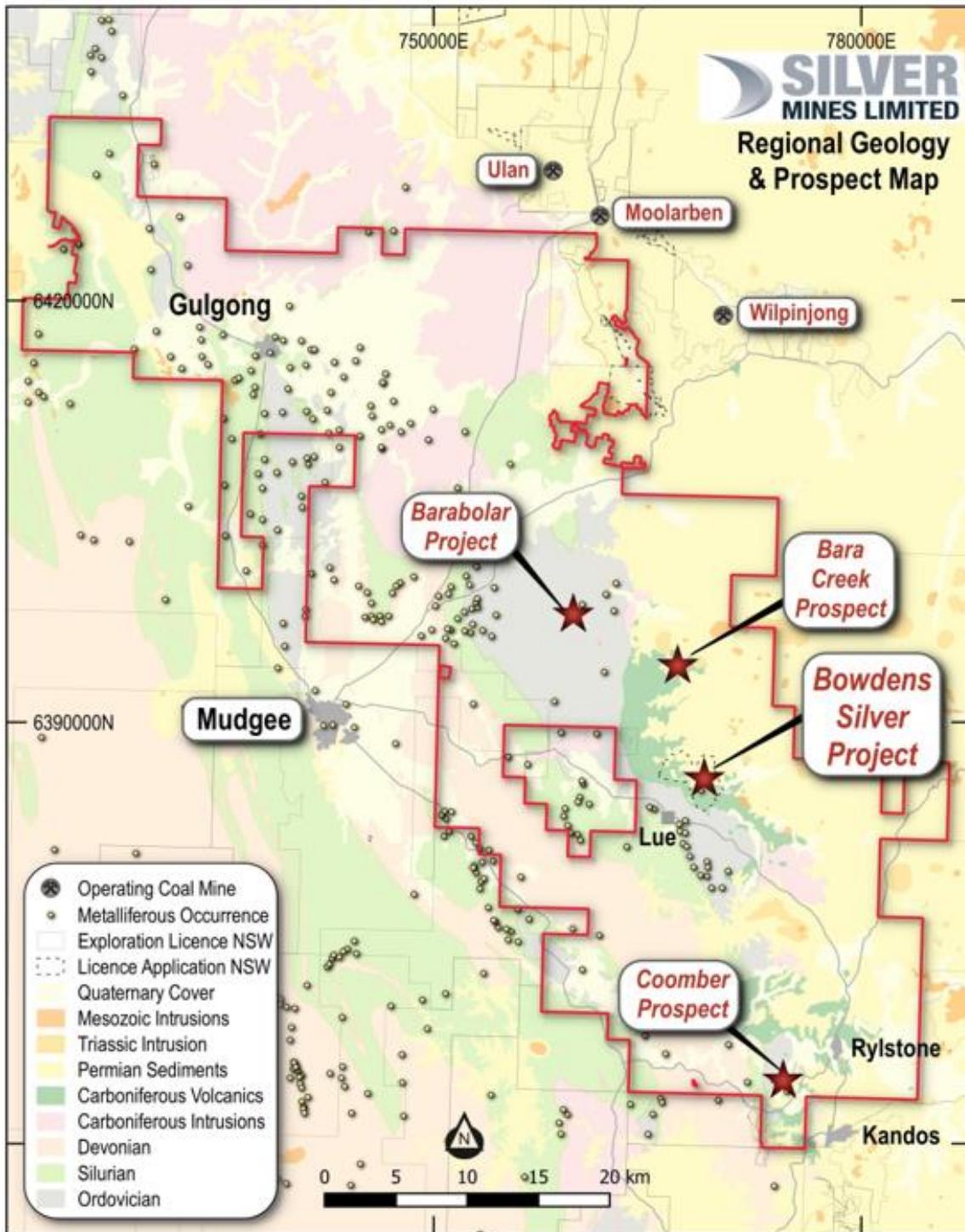


Figure 2: Silver Mines Limited prospect locations in the Mudgee district

DIRECTORS' REPORT**Ore Reserve and Mineral Resource****Ore Reserve**

The Bowdens Silver Ore Reserve is estimated at 29.9 million tonnes at 69.0 g/t silver, 0.44% zinc and 0.32% lead containing 66.32 million ounces of silver, 130.8 kilotonnes of zinc and 95.3 kilotonnes of lead.

The Ore Reserve Estimate was prepared by mining engineering consultancy firm AMC Consultants Pty Ltd ("AMC Consultants") and is based on the September 2017 Mineral Resource Estimate generated for Silver Mines by H & S Consultants Pty Ltd ("H & S Consultants") (see ASX announcement 19 September 2017).

Measured and Indicated Mineral Resources were converted to Proved and Probable Ore Reserves respectively and are subject to mine designs, modifying factors and economic evaluation. The Ore Reserve Estimate for the Bowdens Silver Project as of May 2018 is outlined in Table 1 below. The Ore Reserve estimate was based on the Bowdens Silver Project Mineral Resource as of September 2017 (see ASX announcement of 19 September 2017).

The Ore Reserve will be updated in 2024.

Table 1. Bowdens Silver Deposit Ore Reserve

Reserve Category	Tonnes (Mt)	Reserve Grades			Contained Metal		
		Ag (g/t)	Zn (%)	Pb (%)	Ag Metal Moz	Zn (kt)	Pb (kt)
Proved	28.6	69.75	0.44	0.32	64.05	125.11	91.43
Probable	1.3	53.15	0.43	0.29	2.27	5.74	3.91
Total	29.9	69.01	0.44	0.32	66.32	130.84	95.33

Notes:

1. Refer to ASX announcement 30 May 2018 for further details.
2. Calculations have been rounded to the nearest 100,000 t, 0.1 g/t silver and 0.01% zinc and lead grades respectively. The Ore Reserve is reported by economic cut-off grade with appropriate consideration of modifying factors including costs, geotechnical considerations, mining and process recoveries and metal pricing.

Mineral Resources

During the 2023 Financial Year, the Company provided an updated Mineral Resource for the Bowdens Silver Project. The Bowdens Mineral Resource Estimate was updated by H&S Consultants using both Multiple Indicator Kriging, Ordinary Kriging and the reporting is compliant with the 2012 JORC Code and Guidelines. Please refer to Tables 2, 3 and 4, for further details.

Table 2 – Bowdens Silver Deposit Mineral Resource Estimate as at March 2023 (at a 30 g/t Ag Eq cut-off)

Category	Tonnes (Mt)	Silver Eq. (g/t)	Silver (g/t)	Zinc (%)	Lead (%)	Gold (g/t)	Million Ounces Silver	Million Ounces Silver Eq.
Measured	107	68	40	0.36	0.25	0.03	137	235
Indicated	50	55	20	0.38	0.26	0.09	33	88
M & I	157	64	33	0.36	0.25	0.05	169	323
Inferred	43	54	14	0.39	0.29	0.13	19	73
Total	200	62	29	0.37	0.26	0.07	189	396

DIRECTORS' REPORT

Table 3 – Bowdens Silver Deposit Mineral Resource Estimate for Gold as at March 2023 (at a 0.2 g/t Au cut-off)

Category	Tonnes (Mt)	Silver Eq. (g/t)	Silver (g/t)	Zinc (%)	Lead (%)	Gold (g/t)	Thousand Ounces Gold	Million Ounces Silver Eq.
Measured	3.5	76	18	0.46	0.30	0.31	35	9
Indicated	6.0	71	12	0.46	0.31	0.31	61	14
Inferred	9.5	75	11	0.50	0.41	0.31	96	23
Total	19.0	74	13	0.48	0.36	0.31	190	45

Notes:

1. Refer to Appendix 1 for full details.
2. Bowdens silver equivalent: Ag Eq (g/t) = Ag (g/t) + 33.48*Pb (%) + 49.61*Zn (%) + 80*Au (g/t) calculated from prices of US\$20/oz silver, US\$1.50/lb zinc, US\$1.00/lb lead, US\$1600/oz gold and metallurgical recoveries of 85% silver, 82% zinc and 83% lead, 85% gold estimated from test work commissioned by Silver Mines Limited.
3. Bowdens Silver Mineral Resource Estimate reported to a 30g/t Ag Eq 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.
4. In the Company's opinion, the silver, zinc, gold and lead included in the metal equivalent calculations have a reasonable potential to be recovered and sold.
5. Stated Mineral Resources are partially inclusive of areas of the total Underground Mineral Resource Estimate at 150 g/t Silver Equivalent (Ag Eq) Cut-off Grade above 300mRL. See ASX announcement dated 5th September 2022.
6. Variability of summation may occur due to rounding.

Table 4 – Bowdens Silver Deposit Grade-Tonnage Data for Estimation Results as at March 2023

Cut off g/t Ag Eq.	Tonnes (Mt)	Silver Eq. (g/t)	Silver (g/t)	Zinc (%)	Lead (%)	Gold (g/t)	Million Ounces Silver	Million Ounces Silver Eq.
0	663	26	12	0.16	0.11	0.03	258	555
10	403	40	19	0.24	0.17	0.05	243	521
20	287	50	24	0.30	0.22	0.06	218	466
30	200	62	29	0.37	0.26	0.07	189	396
35	167	68	32	0.40	0.29	0.07	174	362
40	140	73	36	0.43	0.31	0.07	161	330
50	100	85	43	0.49	0.35	0.08	137	272
60	71	97	51	0.53	0.38	0.08	117	222
70	51	110	61	0.57	0.42	0.08	100	180
80	37	123	72	0.59	0.45	0.08	85	146
90	27	136	84	0.61	0.47	0.08	74	120
100	21	150	96	0.63	0.49	0.08	64	100
120	13	175	119	0.66	0.52	0.06	49	72
150	7	210	153	0.70	0.57	0.05	34	47
200	3	265	200	0.80	0.66	0.04	19	25

Reported at a 30 g/t silver equivalent cut off, the Bowdens Silver Mineral Resource extends from surface and is trimmed to approximately 320 metres below surface. It is the opinion of the Company that this represents a potential target volume for future open-pit mining.

Much of the increase in Mineral Resource is in the shallower, southern portion of the Deposit and within the basement Coomber Formation below, in addition to areas peripheral to the north and northwest of the currently proposed open-pit (to be updated with optimisation studies).

DIRECTORS' REPORT

Development and Mining Lease Applications and Environmental Impact Statement

In May 2020, the Company completed and submitted the Bowdens Silver Development Application and associated Environmental Impact Statement ("EIS") to the New South Wales Department of Planning, Industry and Environment (see ASX announcement 25 May 2020).

In March 2021, the Company announced the submission of its Mining Lease Application ("MLA 601") (see ASX announcement 24 March 2021) for the development of the Bowdens Silver Project.

In December 2022, the Company was advised that the DPE had assessed the Project as being in the public interest and approvable subject to conditions of consent. The DPE referred the Project to the Independent Planning Commission of New South Wales ("IPC") for final determination.

In April 2023, the IPC approved the Bowdens Silver Project allowing the Project to proceed to development and production subject to conditions of consent.

Summary points of the EIS and other documentation include:

- Considerable local economic benefits with substantial local job creation;
- Minimal impacts on surface water and groundwater during and after operations;
- No physical human health risk issues of concern identified;
- A commitment to a progressive rehabilitation plan with rehabilitation to occur throughout the life of the mine;
- No significant impacts upon migratory or threatened species and a significant area of land to be conserved in perpetuity as part of the Project's biodiversity offset program;
- Relocation of a local road around the mine site resulting in the majority of traffic avoiding the local township of Lue;
- Aboriginal Cultural Heritage assessment concluded in conjunction with the local Aboriginal communities, with agreement for ongoing management; and
- The potential for amenity-related impacts managed over the life of the mine through a range of management commitments, monitoring and reporting.

From the exhibition process, the Company received no objections to the Project from any of the Government agencies and received resounding public support with 79% of all public organisation and general public submissions in favour of the Project.

The full Bowdens Silver EIS and other documentation can be accessed at the New South Wales Department of Planning and Environment website.

The proposed development comprises an open-cut mine feeding a new processing plant with a conventional milling circuit and differential flotation to produce two concentrates that will be sold for smelting off site. Plant capacity is designed for 2.0 million tonnes per annum with a mine life of 16.5 years.

Silver Mines continues an extensive program of 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.

The Company is advanced in an optimisation program for the updating of the Bowdens Silver Feasibility Study completed in 2018. The optimisation program is examining all aspects of the development including Ore Reserves, mine design, metallurgy, process design and economic and market considerations. The optimisation program is scheduled for completion in 2024.

DIRECTORS' REPORT

The Company has also been undertaking a Scoping Study for potential underground mining scenarios. The study considers potential underground mining scenarios beneath the planned approved open-pit development. This underground study has been placed on hold given the prioritised Feasibility Study optimisation program.

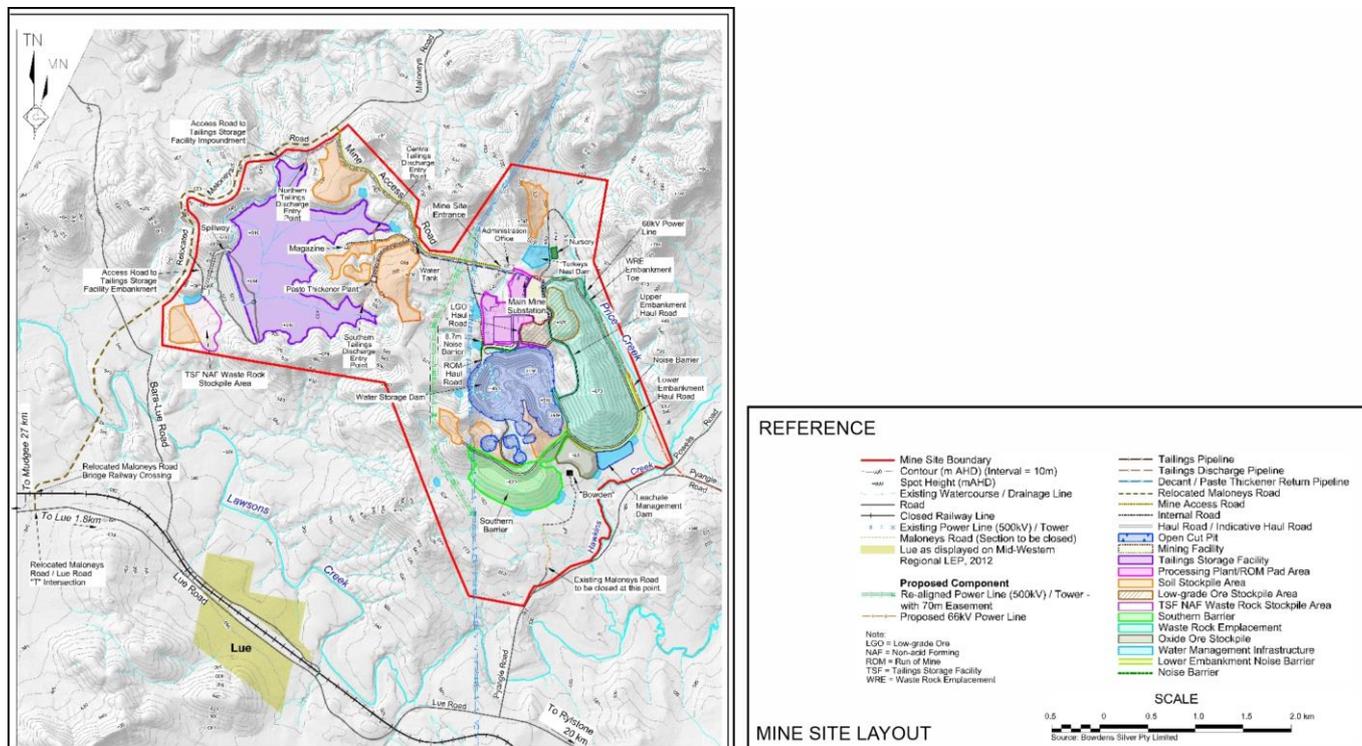


Figure 3: Bowdens Silver Mine Site Layout

Bowdens Silver Exploration

Exploration continued at the Bowdens Silver Project during the Half Year Period 2023. Two diamond drill rigs were drilling focussing on potential extensions to the Bowdens Silver Mineral Resource Estimate and particularly on high-grade sections of the Mineral Resource (Aegean and Southern Gold Zones). Major down dip extensions were tested to the mineral system to depths of more than 900 metres. Drilling also tested responses defined from the 2022 seismic survey. Many structures highlighted by the seismic survey were shown to be untested within the Bowdens Silver Deposit and which could contain possible extensions to mineralisation. Other structures tested include significant faults related to the broader Bowdens Caldera, such as extensions to the Northern Fault.

During the Half Year Period, the Company announced ongoing success in its exploration activities that yielded exceptional high-grade silver intercepts (see ASX announcements 29 September 2023 and 14 December 2023).

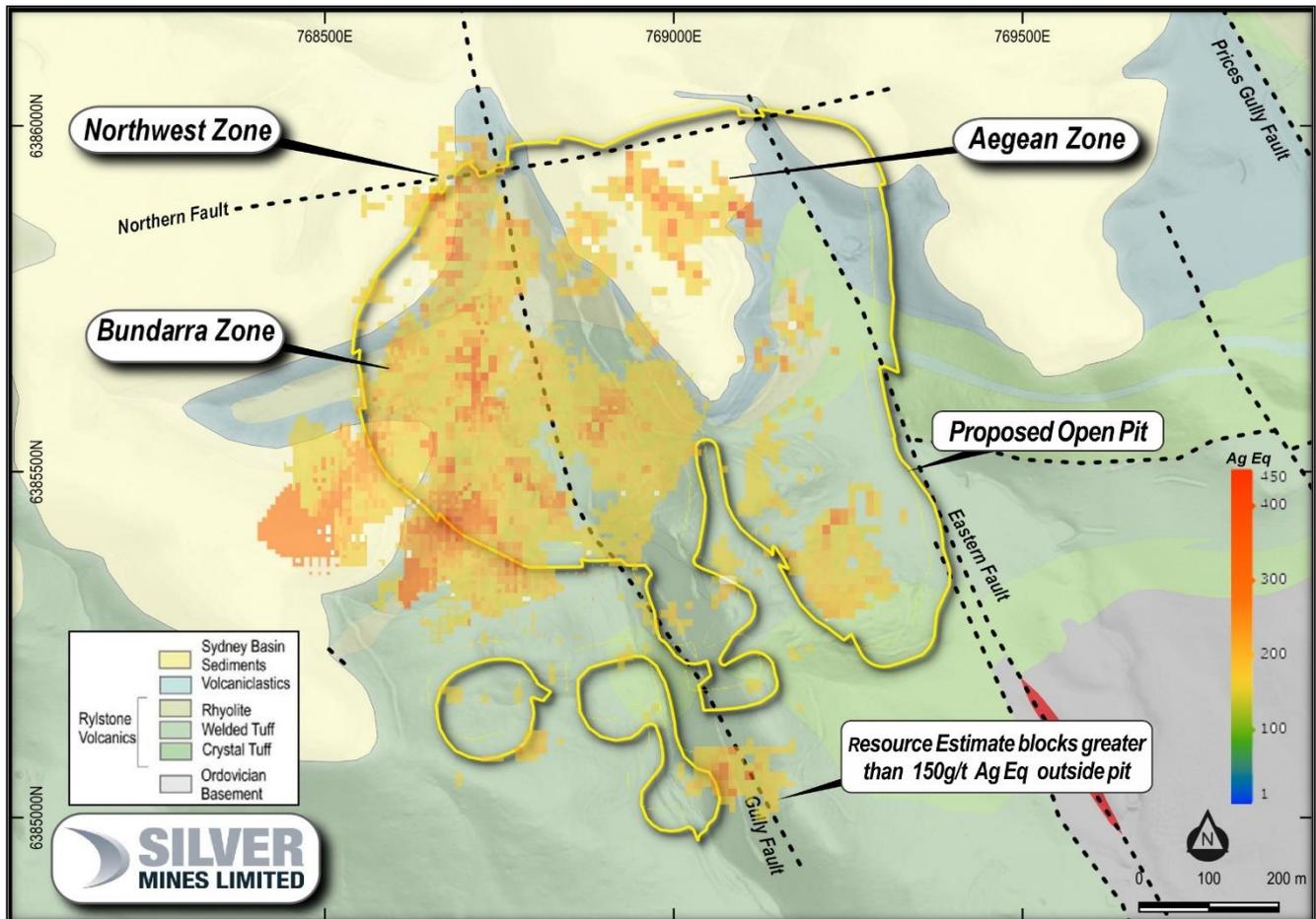
DIRECTORS' REPORT

Figure 4: Drilling into high-grade silver targets at the Bowdens Silver Project

Drilling of mineralised zones is ongoing and is intended to convert higher grade portions of the deposit, extend existing resources and discover new deposits near proposed operations.

The Company has also completed a significant geophysical survey of 2D seismic reflection data totalling nearly 96 kilometres. The survey was undertaken across the region including the Barabolar and Bowdens Silver Projects and regional Bara Creek and Coomber Prospects. The survey follows on from the successful application of seismic surveying in 2022 across the Bowdens Silver Deposit.

Research & Development

The Company is committed to research and development to develop new techniques and technologies. During the half-year, the Company continued work on developing new methods for the Bowdens Silver Project and surrounding region for predicting geometallurgical outcomes. By using state of the art machine learning technologies, this research seeks to integrate seismic reflection data, other geophysical data, multi-element geochemistry, geology, alteration and mineralogy with metallurgical data to better model geometallurgical characteristics of the mineral system. The Company has engaged with The University of New South Wales, and The University of Queensland (Sustainable Minerals Institute) as research providers for aspects of this work.

DIRECTORS' REPORT

Barabolar Project

During the 2023 Financial Year, exploration activities continued at the Barabolar Project located approximately 26 kilometres east of Mudgee and 10 kilometres northwest of the Company's Bowdens Silver Project.

The Barabolar Project is a high-quality exploration project located within the highly prospective Macquarie Arc that also hosts world-class mineral systems such as the Cadia-Ridgeway porphyry copper-gold deposit. Barabolar consists of an extensive corridor of gold, copper, silver, zinc and lead soil and rock chip anomalies.

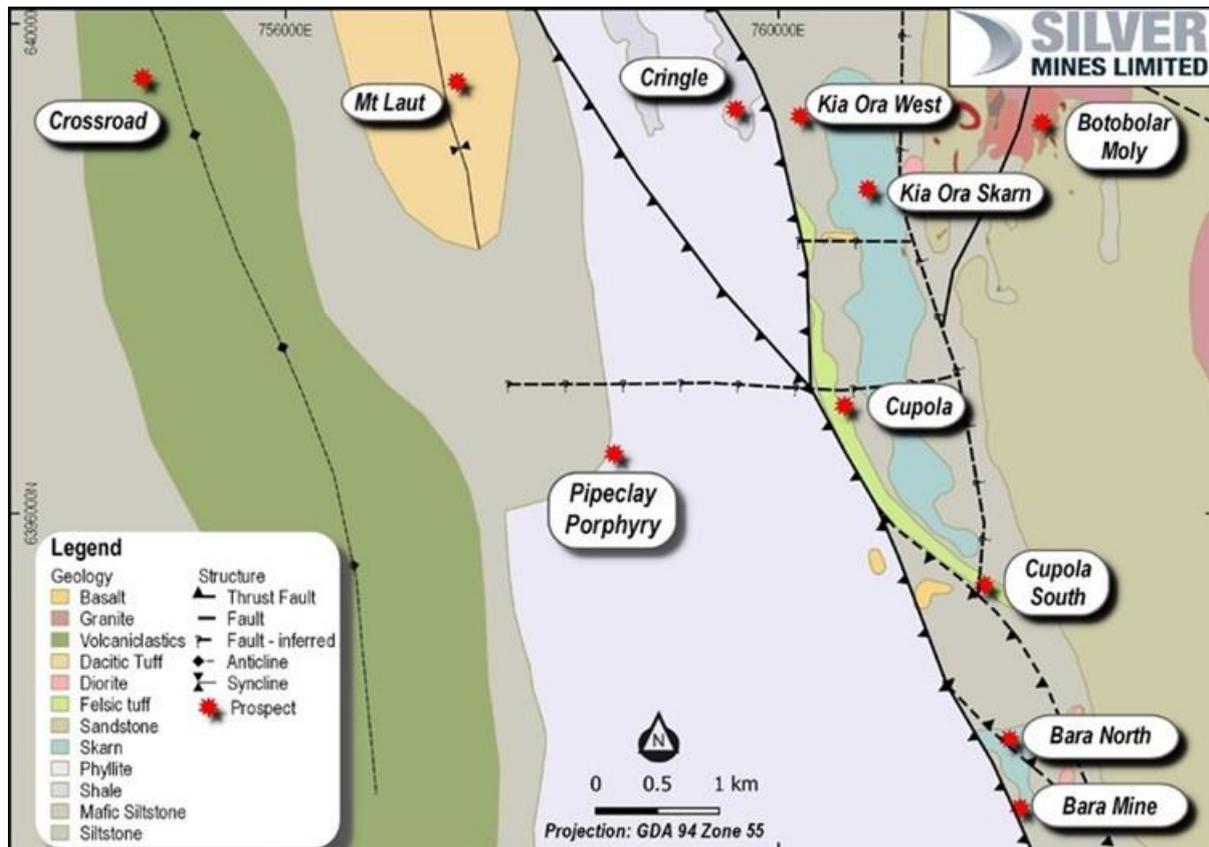


Figure 5. Prospect locations within the Barabolar Project area.

The Company completed a significant geophysical survey of 2D seismic reflection data at the Barabolar Project. The survey is designed to highlight seismic velocity contrasts within the earth due to changes in rock type or discontinuities from faults. The major structures could represent conduits for metal bearing fluids to both transport and deposit mineralisation. Additionally, buried intrusions that are more likely to have been the source of metal bearing fluids may be highlighted compared to the surrounding rock.

During the Half Year Period, the Company announced that results of drilling at the Barabolar Project were interpreted considering petrology studies and return of downhole assays. The drilling program targeted coincident anomalies from soil sampling, gravity, and induced polarisation surveys (IP) to a depth of some 560 metres below surface, as well as the significant occurrence of pyrophyllite alteration exposed at surface. The existence of pyrophyllite suggests that there is preservation of a large hydrothermal system and potential porphyry system.

Petrology has confirmed the prospectivity of the host lithology which includes andesitic, dacitic and rhyolitic tuffs. While not yet an economic discovery, the copper enrichment along with significant amounts of pyrite and elevated bismuth provide indications that a metal bearing hydrothermal system is preserved.

Alteration and mineralisation is indicative of a broad hydrothermal system with exploration to continue to focus on areas of most intense veining and base metal sulphide development.

DIRECTORS' REPORT

The Company has new high-priority drill targets from multiple exploration datasets around the Mt Laut pyrophyllite quarry and Crossroad Prospect areas (refer to Figure 6). Immediately within this area are silica-sericite flooded volcanoclastics and volcanics of andesitic to dacitic composition with pyrite and gossanous quartz veins. Major west dipping faults (interpreted from digital elevation models and surface measurements) are likely the fluid pathways to exposed zones such as the pyrophyllite quarry and other prospects further to the east.

The Crossroad target represents a potential intrusive source to alteration and mineralisation as the gravity data has identified numerous "low" responses with the standout target being coincident with a magnetic high and potassium anomaly (radiometric data). The magnetic high is potentially a result of high temperature potassic alteration (biotiteorthoclase-magnetite) within an intrusion. This represents a priority target for deep drilling.

Machine Learning (ML) algorithms, applied to the Company's extensive surface sample database and geophysical/remotely sensed datasets, have also identified areas within the Barabolar Project as being outliers geochemically within the Company's broader tenement holding. These areas are Cringle and Mt Laut through to Crossroad, highlighted in both predictive models and in sampled data. Significantly, when multivariate outlier analysis is performed using alkalic and acidic zone elemental enrichment around porphyry systems as previously defined, the outliers are situated around significant geophysical responses (magnetic high and gravity low).

Tuena Project

The Tuena Gold Project is located 80 kilometres south of the city of Orange in New South Wales (refer to Figure 6).

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 with greater than five kilometres of strike length. The Company has completed reconnaissance mapping, rock sampling and soil geochemistry as well as flown a detailed magnetic survey.

During the 2021 Financial Year, the Company 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 were 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. These targets are being tested for bulk-tonnage gold mineral systems and have a comparable signature and scale to the McPhillamy's Gold Project located north of the Tuena Gold Project.

Drilling encountered multiple mineralised structures beneath historic workings comprising quartz and carbonate veining with or without pyrite (iron sulphide). The Company is planning follow-up drilling.

This program represented the first modern drilling to be completed in the Tuena Project area. However, in recent years there have been substantial gold discoveries made along the strike of the Copperhanna Fault including the McPhillamy's Deposit to the north of Tuena.

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 Project and across EL8973, EL8974, EL8526 and EL8975.

During the 2023 Financial Year, the Company submitted an application for vacant exploration ground at Tuena covering the historic Elsinora Prospect. The Elsinora Prospect was held by Alkane Resources (ASX:ALK) until May 2023 and is considered prospective for orogenic-style gold mineralisation and volcanic-hosted gold and base metal mineralisation. EL9588 licence was granted during the Half Year Period.

DIRECTORS' REPORT

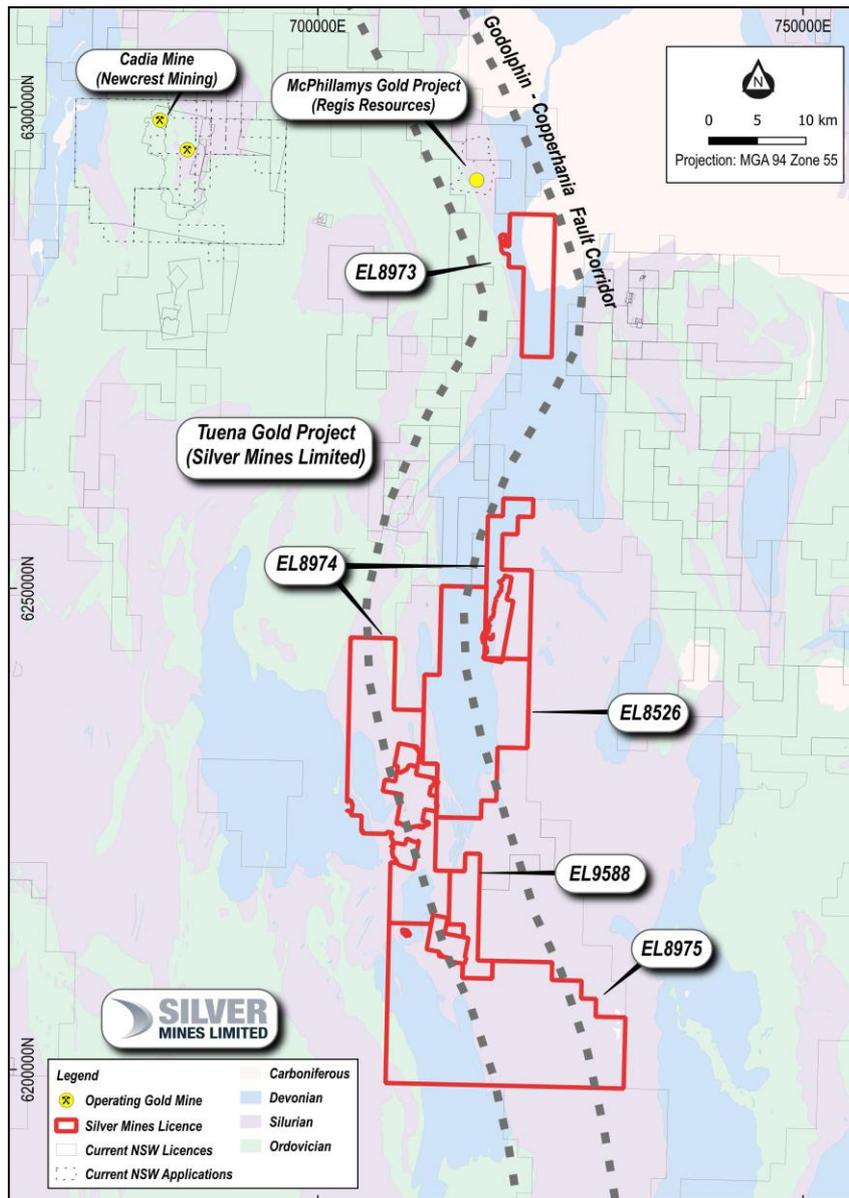


Figure 6: Map showing the Tuena Gold Project

DIRECTORS' REPORT

COMPETENT PERSONS STATEMENT

Bowdens Silver Project

The information in this report that relates to Mineral Resources is based on work compiled by Mr Arnold van der Heyden who is a Director of H & S Consultants. Mr van der Heyden is a Member and Chartered Professional (Geology) of The Australasian Institute of Mining and Metallurgy ("AIMM") 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 van der Heyden consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information in this report that relates to Ore Reserves within the Bowdens Silver Project is based on information compiled or reviewed by Mr Adrian Jones of AMC Consultants Pty Ltd who is a consultant to the Company. Mr Jones 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 Jones consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Mr Jones visited the Bowdens mine site during April 2017 and August 2018 to review the operations, consider the conditions of the site and assess the data collection methods and techniques used by site personnel.

The Ore Reserve has been prepared by Mr Adrian Jones, AMC Consultants Pty Ltd, after peer review of the mining section of the Feasibility Study. Other experts relied upon include H & S Consultants Pty Ltd, GR Engineering Services Limited, ATC Williams Pty Limited. and Jacobs Australia Pty Limited, for Mineral Resources, Metallurgy & Process Design and Tailing Storage Facility design. Work on environmental, marketing and logistics and the financial modelling were undertaken by other consultants on behalf of the Company and certified by representatives of Silver Mines.

Exploration and Drill Results

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

DIRECTORS' REPORT**TENEMENT INFORMATION AS AT 31 DECEMBER 2023**

Tenement	Project Name	Location	Silver Mines Ownership
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%

DIRECTORS' REPORT

CORPORATE

Retirement and Appointment of Managing Director

During the Half Year Period, the Company announced that with the Company transitioning into its mine development and production phase, and subsequent to a thorough succession process, Mr Jonathan Battershill (a non-executive director of the Company) to be appointed the Managing Director of Silver Mines effective 1 January 2024.

Mr Battershill's appointment was followed by a decision made by Mr Anthony McClure, to retire at the end of 2023. Mr McClure served as the Managing Director of the Company since the Company's recapitalisation and acquisition of the Bowdens Silver Project in 2016 and has indicated that, as the Company transitions into a mid-tier mining company, now is the ideal time for new leadership.

Mr Battershill has a Bachelor of Engineering (Geology) (Hons) from the Camborne School of Mines, United Kingdom and a highly successful career spanning more than 25 years in mining, business development and finance both in Australia and internationally. His industry experience includes senior operational and business development roles with WMC Resources Limited (Western Mining) as well as significant financial experience at Citigroup, UBS and Canaccord both in Sydney and London. Mr Battershill was consistently voted one of the leading financial mining analysts in Australia between 2009 and 2015 by institutional investors. Mr Battershill has been a non-executive director of Silver Mines since 2017.

Mr McClure continued as Managing Director until 31 December 2023 and thereafter is engaged by the Company in a consultancy role to advise the Company with the preparations for the transition into mine development.

Native Title Agreement

During the Half Year Period, the Company announced its wholly owned subsidiary, Bowdens Silver Pty Ltd, had completed a native title agreement with the Warrabinga-Wiradjuri #7 native title claim, in regards to a parcel of Crown land within the area of MLA 601 being the Bowden Silver Project.

The native title agreement was signed in June 2023. Additionally, the related Section 31 Deed was executed by the Minister for Natural Resources on behalf of the State of New South Wales in August 2023. This now completes the "Right to Negotiate" process in accordance with Section 31 of the Native Title Act 1993 (Cth). The completion of this process enables the continued processing of MLA 601 covering the Bowdens Silver Project.

Resignation And Appointment of Auditor

During the reporting period, Ernst & Young was appointed as auditor of the Company. The appointment was made by the Company's shareholders by ordinary resolution at the Annual General Meeting held on 30 November 2023. The change follows the resignation of the Company's previous auditor, Crowe Sydney and ASIC's consent to the resignation.

Waiver

On 9 November 2022, shareholders approved at the Annual General Meeting of the Company ("**Approval**") a waiver granted by ASX Listing Compliance on 23 September 2022 ("**Waiver**"). The Waiver relates to the issue of 10,000,000 fully paid ordinary shares ("**Deferred Consideration Shares**") in the Company to be issued to a Director of the Company in accordance with the provisions of the share sale and purchase deed dated 3rd May 2016 ("**Deed**"), which effectuated the purchase of the Bowdens Silver Project. In accordance with the Deed the Deferred Consideration Shares are to be issued upon:

- achievement of the mining lease granted by the NSW Department of Planning, Industry and Environment pursuant to the Mining Act 1992 (NSW) in connection with the Bowdens Silver Project ("**Mining Lease Milestone**"); or
- an occurrence of a change of control such as a takeover bid pursuant to section 9 of the Corporations Act 2001 (Cth), ("**Takeover Condition**").

DIRECTORS' REPORT

The Company confirms the Deferred Consideration Shares have not been issued in the Half Year Period. The Deferred Consideration Shares may only be issued if either the Mining Lease Milestone is achieved, or the Takeover Condition occurs in the period that is 24 months from the date that Approval was obtained.

RESULTS AND DIVIDENDS

For the half-year reporting period to 31 December 2023, the Group recorded a loss of \$579,471 (31 December 2022: loss \$1,504,977).

The Group incurred exploration and development expenditure of \$5,512,529 during the current half-year to 31 December 2023 (31 December 2022: \$7,378,797). The total net assets of the Group stand at \$125,470,209 (June 2023: \$125,924,789) of which investment in exploration expenditure accounts for \$88,026,198 (June 2023: \$82,513,669).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS AFTER THE END OF THE REPORTING PERIOD

The Group did not have any significant changes in the state of its affairs during the Half Year Period and after the end of the Half Year Period.

EVENTS SUBSEQUENT TO REPORTING DATE

Placement and SPP

Subsequent to the Half Year Period, the Company successfully completed a Placement of A\$8 million (before costs) to institutional, professional and sophisticated investors ("Placement"). Demand for the Placement was well in excess of funds raised by the Company.

Along with the funds from the Placement, the Company announced it would be conducting a Share Purchase Plan ("SPP") to raise up to a further \$2 million (before costs) to give eligible shareholders an opportunity to participate in the capital raising.

The Company continues to progress the Bowdens Silver Project towards development with a number of important catalysts emerging in the near term. The funds raised under the Placement and the SPP will be used predominantly for the following:

- update to the Bowdens Mineral Resource and Mineral Reserve Estimates later this year;
- completion of the Feasibility Optimisation Study which is expected to materially enhance project economics and is targeted for release in the September Quarter;
- continued exploration for Resource growth across the Company's NSW tenements; and
- general working capital.

The Placement and the SPP were conducted at an issue price of \$0.135.

The Placement resulted in the issue of 59,259,260 fully paid ordinary shares.

Canaccord Genuity and Jett Capital Advisors LLC acted as Joint Lead Managers to the Placement.

The SPP closed at 5:00PM (AEDT) on Tuesday, 5 March 2024.

The Company received applications from eligible shareholders totalling \$7.59 million which was well in excess of the original \$2 million target raising.

The level of demand received under the SPP is testament to the support from the Company's loyal and existing shareholders.

DIRECTORS' REPORT

The terms and conditions in the SPP Offer Booklet provided the Company with discretion to accept additional funds under the SPP should the Company receive valid applications over the original target amount. Accordingly, due to the overwhelming demand from eligible shareholders and to minimise the scale-back of the SPP, the Company has exercised this discretion and has decided to increase the size of the SPP to \$6 million.

A total of 44,444,854 fully paid ordinary shares were issued under the SPP.

Bowdens Silver Successfully Defends Judicial Proceedings

On 14 March 2024, the Company announced that the Land and Environment Court of New South Wales dismissed the application for judicial review proceedings as announced to the market on 28 June 2023 ("Proceedings").

The Proceedings involved an activist group, the Bingman Catchment Landcare Group Incorporated ("Bingman") who commenced the Proceedings in the Land and Environment Court of New South Wales against the State Government's Independent Planning Commission ("IPC") and Bowdens Silver Pty Ltd challenging the development consent for the Bowdens Silver Project ("Project") approved by the IPC on 3 April 2023 ("Development Consent").

The Company is pleased to advise that the Land and Environment Court of New South Wales has dismissed the Proceedings and has upheld the decision made by the IPC with respect to the Development Consent. The Development Consent approved by the IPC stands unchanged.

No other matter or circumstance has arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

DIRECTORS' REPORT

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is enclosed and forms part of this half-year report.

This report is made in accordance with a resolution of the Directors.



Keith Perrett
Chairman

15 March 2024



Jonathan Battershill
Managing Director



**Building a better
working world**

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Auditor's independence declaration to the directors of Silver Mines Limited

As lead auditor for the review of the half-year financial report of Silver Mines Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Silver Mines Limited and the entities it controlled during the financial period.

Ernst & Young

Scott Jarrett
Partner
Sydney
15 March 2024



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Independent auditor's review report to the members of Silver Mines Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Silver Mines Limited (the Company) and its controlled entities (collectively, the Group), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in dark blue ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in dark blue ink that reads 'Scott Jarrett'.

Scott Jarrett
Partner
Sydney
15 March 2024

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Notes	31-Dec-23 \$	31-Dec-22 \$
Revenue		149,402	143,538
Cost of sales		(86,844)	(150,677)
Gross Profit from continuing operations		62,558	(7,139)
Other income	10,13	903,269	51,380
Share registry and exchange fees		(130,338)	(120,749)
Auditors remuneration		(34,752)	(13,356)
Marketing expenses		(92,611)	(54,685)
Office expenses		(32,089)	(32,838)
IT and communication expenses		(10,306)	(12,933)
Depreciation expenses		(128,526)	(136,900)
Accounting services fees		(30,000)	(60,000)
Professional and technical advisors expenses		(445,697)	(263,697)
Employee benefits expenses		(267,914)	(388,595)
Travel and accommodation expenses		(100,604)	(27,164)
Share based payment		(124,891)	(352,661)
Farm operations		(119,532)	(131,762)
FV gain/loss on initial recognition of livestock		144,403	56,100
Fair value movement of financial assets at fair value through profit and loss		-	(14,560)
Other expenses		(263,613)	(50,829)
Loss from continuing operations before interest and income tax		(670,643)	(1,560,388)
Interest income		94,330	102,380
Finance costs		(3,158)	(46,969)
Loss from continuing operations before income tax		(579,471)	(1,504,977)
Income tax		-	-
Loss from continuing operations after income tax		(579,471)	(1,504,977)
Other comprehensive income		-	-
Total comprehensive income (loss) (attributable to owners of the company)		(579,471)	(1,504,977)
Earnings per share (cents per share)			
Basic & diluted earnings per share	15	(0.04)	(0.12)

The consolidated statement of profit or loss and the comprehensive income is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 31 DECEMBER 2023**

	Notes	31-Dec-23	30-Jun-23
		\$	\$
Current assets			
Cash and cash equivalent	3	3,392,773	8,051,445
Trade and other Receivables	4	253,096	442,115
Inventory - livestock	5	412,887	333,831
Financial assets	6	264,532	5,592,011
Other assets		136	1,705
Total current assets		4,323,424	14,421,107
Non-current assets			
Financial assets	6	391,867	381,867
Deferred exploration and development expenditures	7	88,026,198	82,513,669
Intangible assets	8	1,656,564	415,663
Land and buildings	9	31,172,100	29,549,339
Property, plant and equipment	10	785,639	3,475,998
Total non-current assets		122,032,368	116,336,536
Total assets		126,355,792	130,757,643
Current liabilities			
Trade and other payables	11	695,577	827,081
Employee benefits provisions	12	190,006	431,656
Total current liabilities		885,583	1,258,737
Non-Current liabilities			
Lease Liability	13	-	3,574,117
Total non-current liabilities		-	3,574,117
Total liabilities		885,583	4,832,854
Net assets		125,470,209	125,924,789
Equity			
Contributed equity		165,667,656	165,667,656
Reserve	14	2,946,798	2,821,907
Accumulated losses		(43,144,245)	(42,564,774)
Total Equity		125,470,209	125,924,789

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

Notes	Ordinary Shares \$	Share capital reserve \$	Share based payment reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2022	148,747,656	2,000,000	387,117	(38,453,773)	112,681,000
Transactions with owners, in their capacity as owners					
Share-based payments	-	-	352,661	-	352,661
Total transactions with owners, in their capacity as owners	-	-	352,661	-	352,661
Comprehensive income for period					
Loss attributable to owners of the company	-	-	-	(1,504,977)	(1,504,977)
Total comprehensive income for the period	-	-	-	(1,504,977)	(1,504,977)
Balance at 31 December 2022	148,747,656	2,000,000	739,778	(39,958,750)	111,528,684
Balance at 1 July 2023	165,667,656	2,000,000	821,907	(42,564,774)	125,924,789
Transactions with owners, in their capacity as owners					
Share-based payments	-	-	124,891	-	124,891
Total transactions with owners, in their capacity as owners	-	-	124,891	-	124,891
Comprehensive income for period					
Loss attributable to owners of the company	-	-	-	(579,471)	(579,471)
Total comprehensive income for the period	-	-	-	(579,471)	(579,471)
Balance at 31 December 2023	165,667,656	2,000,000	946,798	(43,144,245)	125,470,209

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Notes	31-Dec-23 \$	31-Dec-22 \$
Cash flows from operating activities			
Receipts from customers		185,882	194,917
Payments to suppliers & employees		(1,633,003)	(1,313,358)
Payments to farm operational expenses		(223,865)	-
Interest received		94,330	21,591
Grant received		150,000	-
		<u> </u>	<u> </u>
Net cash outflows from operating activities		<u>(1,426,656)</u>	<u>(1,096,850)</u>
Cash flows from investing activities			
Payments for deferred exploration		(5,438,662)	(7,296,205)
Security bond deposit		(10,000)	-
Payment to acquire intangible		(1,448,946)	(220,455)
Payment for property, plant and equipment		(1,661,887)	(3,940,706)
Payment to acquire financial assets		-	(1,300,000)
Redemption of financial assets		-	1,000,000
Proceeds from Investment on preference shares		5,327,479	-
		<u> </u>	<u> </u>
Net cash outflows from investing activities		<u>(3,232,016)</u>	<u>(11,757,366)</u>
		<u> </u>	<u> </u>
Net (decrease)/increase in cash and cash equivalent		(4,658,672)	(12,854,216)
Cash and cash equivalent at the beginning of the financial year		8,051,445	16,890,242
		<u> </u>	<u> </u>
Cash and cash equivalent at the end of the financial year	3	<u>3,392,773</u>	<u>4,036,026</u>

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION

a. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards AASB 134: Interim Financial Reporting and the requirements of Corporations Act 2001 as issued by the International Accounting Standards Board as applicable to a for-profit entity. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Silver Mines Limited and its controlled entities. It is therefore recommended that this financial report be read in conjunction with annual financial statements of the group for the year ended 30 June 2023, together with any public announcements made during the following half-year.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Australian dollars which is the Group's functional currency.

b. New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

c. Critical accounting estimates and significant judgments used in applying accounting policies

The critical estimates and judgments are consistent with those applied and disclosed in the June 2023 annual report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 2: OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into 2 operating segments, being mining and exploration operations and agricultural operations. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (“CODM”)) in assessing performance and in determining the allocation of resources.

Operating segments have been aggregated where the segments have similar economic characteristics in respect of the nature of the products and services, the product processes, the type or class of customers, the distribution methods and, if applicable, the nature of the regulatory environment.

a) Segment performance continuing operations

For the year ended 31 December 2023	Mining and Exploration Operations	Agricultures Operations	Total
	\$	\$	\$
Revenue	-	148,896	148,896
Rental income/Other income	-	36,480	36,480
Total segment revenue	-	185,376	185,376
Inter-segment elimination			-
Total group revenue			185,376
EBITDA	(626,725)	82,886	(543,839)
<i>Unallocated expense</i>			
Depreciation	-	-	(128,526)
Interest income	-	-	94,330
Rental income	-	-	1,722
Finance costs	-	-	(3,158)
Profit (Loss) before income tax	-	-	(579,471)
Income tax expense	-	-	-
Profit (Loss) after income tax expense	-	-	(579,471)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 2: OPERATING SEGMENTS (continued)

For the year ended 31 Dec 2022	Mining and Exploration Operations	Agricultures Operations	Total
	\$	\$	\$
Revenue	-	143,538	143,538
Other income	-	51,380	51,380
Total segment revenue	-	194,918	194,918
Inter-segment elimination			-
Total group revenue			194,918
EBITDA	(1,390,717)	(32,771)	(1,423,488)
<i>Unallocated expense</i>			
Depreciation	-	-	(136,900)
Interest income	-	-	102,380
Finance costs	-	-	(46,969)
Profit (Loss) before income tax			(1,504,977)
Income tax expense	-	-	-
Profit (Loss) after income tax expense	-	-	(1,504,977)

b) Segment assets

For the year ended 31 December 2023	Mining and Exploration Operations	Agricultures Operations	Total
	\$	\$	\$
Segment assets	96,439,100	1,388,320	97,827,420
Inter-segment eliminations	(7,762,831)	(903,865)	(8,666,696)
Total	88,676,270	484,455	89,160,725
<i>Unallocated assets</i>			
Cash and cash equivalent	-	-	3,392,773
Receivables	-	-	253,095
Other assets	-	-	136
Financial assets	-	-	391,867
Right of use assets	-	-	64,000
Intangible assets	-	-	1,656,564
Investment in Listed Shares	-	-	263,500
Investment in Unlisted Options	-	-	1,032
Land and buildings	-	-	31,172,100
Total assets	-	-	126,355,792

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 2: OPERATING SEGMENTS (continued)

For the year ended 31 December 2022	Mining and Exploration Operations	Agricultures Operations	Total
	\$	\$	\$
Segment assets	84,787,023	1,668,731	86,455,754
Inter-segment eliminations			(3,783,195)
			82,672,559
<i>Unallocated assets</i>			
Cash and cash equivalent	-	-	4,036,026
Receivables	-	-	405,375
Other assets	-	-	3,247
Financial assets	-	-	371,867
Right of use assets	-	-	2,950,096
Intangible assets	-	-	1,404,402
Investment in Listed Shares	-	-	954,800
Investment in Unlisted Options	-	-	1,032
Land and buildings	-	-	23,647,007
Total assets	-	-	116,446,411

(c) Segment liabilities

For the year ended 31 December 2023	Mining and Exploration Operations	Agricultures Operations	Total
	\$	\$	\$
Segment liabilities	1,589,713	7,772,560	9,362,273
Inter-segment eliminations	(903,865)	(7,762,831)	(8,666,696)
Total	685,848	9,729	695,577
<i>Unallocated liabilities</i>			
Employee provisions	-	-	190,006
Total liabilities	-	-	885,583

For the year ended 31 December 2022	Mining and Exploration Operations	Agricultures Operations	Total
	\$	\$	\$
Segment liabilities	1,916,177	2,857,817	4,773,994
Inter-segment eliminations			(3,783,195)
			990,799
<i>Unallocated liabilities</i>			
Employee provisions	-	-	397,164
Lease liability	-	-	3,529,764
Total liabilities	-	-	4,917,727

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**
NOTE 3: CASH AND CASH EQUIVALENTS

	31-Dec-23	30-Jun-23
Current	\$	\$
Cash and cash equivalents	3,392,773	8,051,445
	<u>3,392,773</u>	<u>8,051,445</u>

NOTE 4: TRADE AND OTHER RECEIVABLES

	31-Dec-23	30-Jun-23
Current	\$	\$
GST	116,062	215,619
Prepayment	57,034	157,979
Other receivables	80,000	68,517
	<u>253,096</u>	<u>442,115</u>

NOTE 5: INVENTORY - LIVESTOCK

	31-Dec-23	30-Jun-23
Current	\$	\$
Livestock	412,887	333,831
	<u>412,887</u>	<u>333,831</u>

NOTE 6: FINANCIAL ASSETS

	31-Dec-23	30-Jun-23
Current	\$	\$
Financial assets at fair value through profit and loss		
Investment in Listed Shares	263,500	263,500
Investment in Unlisted Options	1,032	1,032
Financial assets measured at amortised cost		
Redeemable preference shares	-	5,327,479
	<u>264,532</u>	<u>5,592,011</u>

In August 2023, the Company fully redeemed all redeemable preference shares in Enable Investments Pty Ltd (a related party of Trent Franklin), of \$5,327,479". Refer to Note 17.

Non-Current	\$	\$
Performance guarantee bonds	391,867	381,867
	<u>391,867</u>	<u>381,867</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 7: DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURE

	31-Dec-23	30-Jun-23
	\$	\$
Non-current		
Exploration expenditures		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phase		
Opening balance	82,513,669	68,809,087
Expenditure in the period	5,512,529	13,704,582
Closing balance	<u>88,026,198</u>	<u>82,513,669</u>

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of an area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profits in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from where exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits.

Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

Exploration and evaluation assets are assessed for indicators of impairment at each reporting date. When the facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the carrying amount is written down to its likely recoverable amount.

NOTE 8: INTANGIBLE ASSETS

	31-Dec-23	30-Jun-23
	\$	\$
Non-current		
Opening balance	415,663	1,183,947
Additions	2,872,079	290,455
Transfers to Land	(1,631,178)	(1,058,739)
Closing balance	<u>1,656,564</u>	<u>415,663</u>

The Group has entered into a number of option agreements to purchase properties attaching to the tenements. As consideration for these agreements, the Group has paid total option fees of \$2,872,079 (June 2023: \$290,455) during the period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 9: LAND AND BUILDINGS

	31-Dec-23	30-Jun-23
Non-current	\$	\$
Properties at cost	32,050,567	30,371,164
Accumulated Depreciation	(878,467)	(821,825)
	31,172,100	29,549,339

	Land	Buildings	Buildings improvements	Total
Cost or valuation	\$	\$	\$	\$
Balance at 1 July 2022	18,371,314	1,166,083	708,023	20,245,420
Additions	7,763,163	1,275,000	28,842	9,067,005
Transfers from intangible assets	1,058,739	-	-	1,058,739
Balance at 30 June 2023	27,193,216	2,441,083	736,865	30,371,164
Additions	-	-	48,224	48,224
Transfers from intangible assets	1,631,179	-	-	1,631,179
Balance at 31 Dec 2023	28,824,395	2,441,083	785,089	32,050,567
Depreciation and impairment				
Balance at 1 July 2022	-	100,776	684,070	784,846
Depreciation charge for the year	-	29,152	7,827	36,979
Balance at 30 June 2023	-	129,928	691,897	821,825
Depreciation charge for the year	-	50,545	6,097	56,642
Balance at 31 Dec 2023	-	180,473	697,994	878,467
Net book value				
At 1 July 2022	18,371,314	1,065,307	23,953	19,460,574
At 30 June 2023	27,193,216	2,311,155	44,968	29,549,339
At 31 Dec 2023	28,824,395	2,260,610	87,096	31,172,100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	31-Dec-23	30-Jun-23
	\$	\$
Plant and equipment - at cost	2,275,183	4,893,658
Less: accumulated depreciation	(1,489,544)	(1,417,660)
	785,639	3,475,998

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant & Mining Equipment	Office & Camp Equipment	Road	Motor Vehicles	Other Assets - Farming	Right of use Assets	Computer Equipment	Total
Cost or valuation	\$	\$		\$	\$	\$	\$	
Balance at 1 July 2022	429,722	269,373	-	525,824	94,388	3,302,347	75,308	4,696,961
Additions	-	24,115	-	143,208	22,982	-	6,392	196,697
Balance at 30 June 2023	429,722	293,488	-	669,032	117,370	3,302,347	81,700	4,893,658
Reversals	-	-	-	-	-	(3,227,347)	-	(3,227,347)
Additions	-	-	63,751	121,336	3,390	-	2,098	190,575
Balance at 31 Dec 2023	429,722	293,488	63,751	790,368	120,760	75,000	83,798	1,856,886
Depreciation and impairment								
Balance at 1 July 2022	315,777	269,373	-	200,841	32,831	286,203	71,712	1,176,736
Depreciation charge for the year	27,083	4,451	-	62,794	11,082	132,094	3,419	240,924
Balance at 30 June 2023	342,861	273,824	-	263,635	43,913	418,297	75,131	1,417,660
Depreciation charge for the year	10,384	2,660	-	39,681	5,279	11,000	2,880	71,884
Reversal of depreciation	-	-	-	-	-	(418,297)	-	(418,297)
Balance at 31 Dec 2023	353,245	276,484	-	303,316	49,192	11,000	78,011	1,071,248
Net book value								
At 1 July 2022	113,945	-	-	324,983	61,557	3,016,144	3,596	3,520,225
At 30 June 2023	86,861	19,664	-	405,397	73,457	2,884,050	6,568	3,475,998
At 31 Dec 2023	76,477	17,004	63,751	487,052	71,568	64,000	5,786	785,639

NOTES TO THE FINANCIAL STATEMENTS **FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (continued)

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

During the period the Company reassessed its obligations under the existing Lease arrangement resulting in derecognition of lease liability and right-of-use asset. As a result, a net gain of \$715K has been recognized as other income in profit and loss.

NOTE 11: TRADE AND OTHER PAYABLES

	31-Dec-23	30-Jun-23
Current	\$	\$
Trade creditors and accruals	695,577	827,081
Total	695,577	827,081

NOTE 12: EMPLOYEE BENEFITS PROVISIONS

	31-Dec-23	30-Jun-23
Current	\$	\$
Employee benefits provisions	190,006	431,656
Total	190,006	431,656

Short-term employee benefits

Liabilities for wages and salaries, including annual leave to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

NOTE 13 LEASE LIABILITY

	31-Dec-23	30-Jun-23
Non-current	\$	\$
Lease liabilities	-	3,574,117
Total	-	3,574,117

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 13 LEASE LIABILITY (continued)

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	31-Dec-23	30-Jun-23
	\$	\$
Interest expenses	-	88,155
Depreciation expenses	11,000	132,094
Total	11,000	229,048

During the period the Company reassessed its obligations under the existing Lease arrangement resulting in derecognition of lease liability and right-of-use asset. As a result, a net gain of \$715K has been recognized as other income in profit and loss.

NOTE 14: CAPITAL AND RESERVES

(a) Reserves

	31-Dec-23	30-Jun-23
	\$	\$
Movements in reserves		
Balance at the beginning of the financial year	2,821,907	2,387,117
Share based payment reserve movement	124,891	434,790
Balance at the end of the financial year	2,946,798	2,821,907

NOTE 15: EARNINGS PER SHARE

	31-Dec-23	31-Dec-22
	\$	\$
a. Reconciliation of earnings to profit or loss		
Loss used in the calculation of basic and dilutive earnings per share	(579,471)	(1,504,977)
	No. of shares	No. of shares
b. Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share		
	1,404,332,143	1,291,832,143
Basic and Diluted Earnings Per Share (cents)	(0.04)	(0.12)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 16: COMMITMENTS

	31-Dec-23 \$	30-Jun-23 \$
<i>Capital commitments- option¹</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Option Purchase:	5,465,000	6,350,000
Total	5,465,000	6,350,000
Proposed expenditure on tenements ²	3,295,000	3,985,000
Proposed expenditure on native title	250,000	350,000
Tenement minimum spend for a year	3,545,000	4,335,000
Lease commitment ³	3,619,027	3,574,117

¹Capital commitments include contracted amounts for options agreement for the right to purchase properties at the execution date. However, if the company chooses not to execute the agreements, the rights will be forfeited and the amount capitalised as intangible assets in Note 8 will be written off through the Profit and Loss statement.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Capital Commitment	5,195,000	270,000	-	-	5,465,000	5,465,000

²Proposed expenditure on tenements for a year represented the average yearly expenditures expected to be spent on the exploration, environmental management and rehabilitation and community consultation activities during the tenement period.

³The Group has leasehold arrangement that commenced on 1 May 2020 for 25 years. The terms of the agreement require rent payments totalling \$150,000 per annum starting from the commencement of construction of the Bowden's Silver Project, to be increased at a rate of 3% on each anniversary date. As a lease agreement has been entered into, but commencement of construction of the Project has not yet occurred, the Group recognised these future lease payments as commitments.

NOTE 17: RELATED PARTY TRANSACTIONS

During the half-year, the Company fully redeemed its investment in the redeemable preference shares in Enable Investment Pty Ltd (a related party of Trent Franklin, the Company Secretary) and the Company earned the distribution income of \$21,877 during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

Placement and SPP

Subsequent to the Half Year Period, the Company successfully completed a Placement of A\$8 million (before costs) to institutional, professional and sophisticated investors ("Placement"). Demand for the Placement was well in excess of funds raised by the Company.

Along with the funds from the Placement, the Company announced it would be conducting a Share Purchase Plan ("SPP") to raise up to a further \$2 million (before costs) to give eligible shareholders an opportunity to participate in the capital raising.

The Company continues to progress the Bowdens Silver Project towards development with a number of important catalysts emerging in the near term. The funds raised under the Placement and the SPP will be used predominantly for the following:

- update to the Bowdens Mineral Resource and Mineral Reserve Estimates later this year;
- completion of the Feasibility Optimisation Study which is expected to materially enhance project economics and is targeted for release in the September Quarter;
- continued exploration for Resource growth across the Company's NSW tenements; and
- general working capital.

The Placement and the SPP were conducted at an issue price of \$0.135.

The Placement resulted in the issue of 59,259,260 fully paid ordinary shares.

Canaccord Genuity and Jett Capital Advisors LLC acted as Joint Lead Managers to the Placement.

The SPP closed at 5:00PM (AEDT) on Tuesday, 5 March 2024.

The Company received applications from eligible shareholders totalling \$7.59 million which was well in excess of the original \$2 million target raising.

The level of demand received under the SPP is testament to the support from the Company's loyal and existing shareholders.

The terms and conditions in the SPP Offer Booklet provided the Company with discretion to accept additional funds under the SPP should the Company receive valid applications over the original target amount. Accordingly, due to the overwhelming demand from eligible shareholders and to minimise the scale-back of the SPP, the Company has exercised this discretion and has decided to increase the size of the SPP to \$6 million.

A total of 44,444,854 fully paid ordinary shares were issued under the SPP.

Bowdens Silver Successfully Defends Judicial Proceedings

On 14 March 2024, the Company announced that the Land and Environment Court of New South Wales dismissed the application for judicial review proceedings as announced to the market on 28 June 2023 ("Proceedings").

The Proceedings involved an activist group, the Bingman Catchment Landcare Group Incorporated ("Bingman") who commenced the Proceedings in the Land and Environment Court of New South Wales against the State Government's Independent Planning Commission ("IPC") and Bowdens Silver Pty Ltd challenging the development consent for the Bowdens Silver Project ("Project") approved by the IPC on 3 April 2023 ("Development Consent").

The Company is pleased to advise that the Land and Environment Court of New South Wales has dismissed the Proceedings and has upheld the decision made by the IPC with respect to the Development Consent. The Development Consent approved by the IPC stands unchanged.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

No other matter or circumstance has arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- 1 the financial statements and notes, as set out on pages 24 to 40 are in accordance with the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements:
 - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the financial position as at 31 December 2023 and of the performance for the half-year ended on that date of the Group;
- 2 in the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Keith Perrett
Chairman

15 March 2024



Jonathan Battershill
Managing Director