

14th February 2013

The Company Announcement Officer
ASX Limited
Exchange Centre
20 Bridge St.,
SYDNEY NSW 2000

CAPITAL RAISING COMPLETED – DRILLING TO START AT WEBBS.

PLACEMENT and SECTION 708 (A) NOTICE

The Directors of Silver Mines Limited ('the Company') are pleased to announce a placement of 27,332,848 fully paid ordinary shares at 4.7 cents per share raising approximately \$1.2 million (before costs) and 13,666,424 options to sophisticated and institutional investors. The options have an exercise price of \$0.10 expiring on 13 November 2013. The Company will apply to have the options listed.

The Company will lodge an Appendix 3B shortly.

The funds raised will be applied towards exploration drilling programs at the Webbs Project in New England, Northern New South Wales and working capital. Drilling is scheduled to commence on Monday February 18th and will consist of a combination of reverse circulation (RC) and diamond drilling. The drilling is targeting depth extensions to the Webbs High Grade Silver Deposit which remains completely open at depth (see attached long section and cross sections).

The Company looks forward to reporting results as soon as they come to hand.

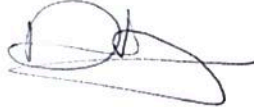
Notice pursuant to section 708A(5)(e) of the Corporations Act 2001 (Cth)

In accordance with the requirements with the section 708A(5)(e) of the Corporations Act 2001 (Cth) ('the Act') under which this notice is given, the Company confirms that:

- 1 The Company issued the Placement Securities without disclosure to the investors under Part 6D.2 of the Act.
- 2 As at the date of this notice, the Company has complied with:
 - 2.1 the provisions of Chapter 2M of the Act as they apply to the Company; and
 - 2.2 section 674 of the Act.
- 3 As at the date of this notice, there is no information:
 - (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (b) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or

- (ii) the rights and liabilities attaching to the ordinary shares of the Company, to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in a disclosure document.

Yours faithfully



Kevin Lynn
Company Secretary