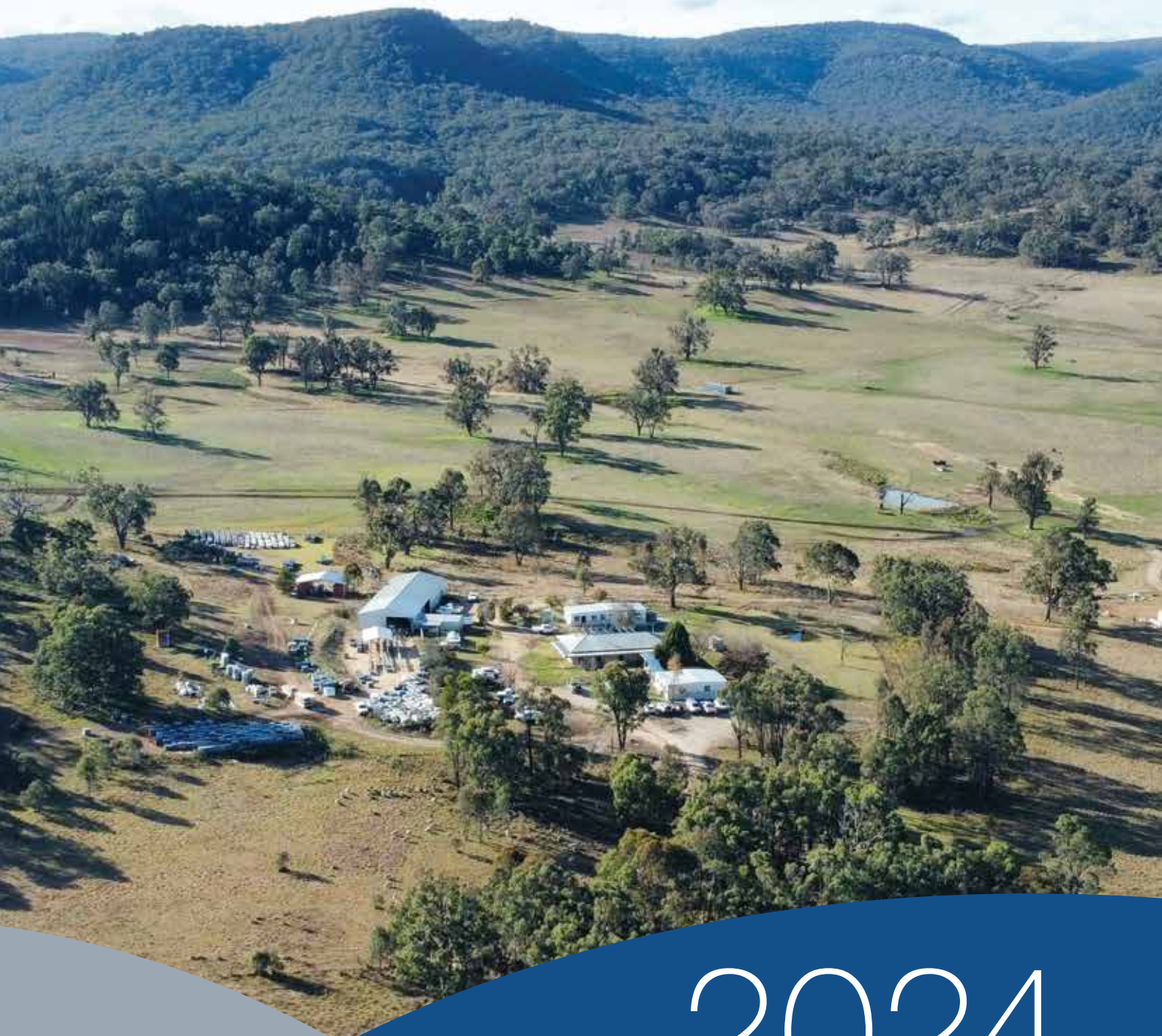


Silver Mines Limited
ABN 45 107 452 942



2024

ANNUAL REPORT

CONTENTS

Chairman's Letter	1
Review of Operations	3
Information on Board	30
Remuneration Report.....	32
Auditors Independence Declaration	44
Consolidated Statement of Profit or Loss and Other Comprehensive Income	45
Consolidated Statement of Financial Position	46
Consolidated Statement of Changes In Equity	47
Consolidated Statement of Cash Flows	48
Notes to the Financial Statements.....	49
Consolidated Entity Disclosure Statement	84
Directors' Declaration	85
Independent Auditor's Report	86
Additional Securities Exchange Information.....	91
Corporate Governance Statement	95
Corporate Directory	105

CHAIRMAN'S LETTER

Dear Shareholders,

I am pleased to present the Annual Report for Silver Mines Limited and its wholly owned subsidiaries for the year ended 30 June 2024.

This year we have made significant progress across our flagship Bowdens Silver Project. Our focus remains on transitioning this project into full development, marking a critical step towards becoming a leading producer of silver and polymetallic resources.

Who We Are and Our Purpose

Silver Mines is an Australian-based exploration and development company headlined by the Bowdens Silver Project, the largest known undeveloped silver resource in Australia and one of the largest in the world. The Bowdens Silver Project is located near Mudgee in the Central Tablelands Region of New South Wales, Australia. The Project comprises 2,115 km² (521,000 acres) of titles covering approximately 80 kilometres of strike of the highly prospective Carboniferous Rylstone Volcanics overlying Ordovician and Silurian formations.

Our strategy is to responsibly discover and develop our projects to generate value for our shareholders, local communities, and all stakeholders while adhering to leading practices in sustainability and environmental stewardship.

Advancing the Bowdens Silver Project

The Bowdens Silver Project is our highest priority, and 2024 has been a year of substantial progress. We have advanced pre-development works and have progressed optimisation of our feasibility study.

This optimisation program, currently underway, is focused on refining all aspects of the Bowdens Silver Project, including ore reserves, mine design, metallurgy, and process design. This work aims to enhance the project's economic viability and reduce its environmental footprint, consistent with our objective of ensuring responsible mining.

The Company is also on track for release of an update to its Mineral Resource and Ore Reserves.

Despite the unfortunate decision of the New South Wales Court of Appeal in August, the Company continues to work through the ramifications of this ruling and remains fully committed to the progression of the Bowdens Silver Project through to production. We look forward to updating the market on this progress.

Our Values

Our values guide everything we do at Silver Mines. We are dedicated to:

- **Integrity:** Acting with honesty, transparency, and respect.
- **Sustainability:** Prioritising responsible resource management and responsible mining.
- **Community Engagement:** Building strong relationships and ensuring our operations align with community needs.
- **Safety First:** Upholding the highest standards of safety for our team and stakeholders.

CHAIRMAN'S LETTER

Commitment to Our People and Communities

Our people are our most valuable asset, and their commitment drives our success.

We have strengthened our team with key appointments, including Jonathan Battershill as Managing Director at the beginning of this year, who brings decades of experience in the mineral resources sector.

We are building a culture of excellence, safety, and innovation as we prepare to move into the next phase of the Bowdens Silver Project.

Community and stakeholder engagement remains a cornerstone of our approach. We continue to work closely with local communities, providing employment opportunities, supporting local businesses, and engaging transparently about our operations. Our recent Native Title Agreement with the Warrabinga-Wiradjuri people reflects our respect for Indigenous rights and our dedication to inclusive development.

Looking Ahead

As we move forward, our focus is firmly on bringing the Bowdens Silver Project into development and positioning it as a world-class mining operation. We are committed to meeting our milestones, advancing our other promising exploration projects, and maintaining financial discipline to maximise shareholder value.

The next year promises to be transformative as we transition from planning to action, bringing us closer to realising our vision of becoming a major player in the Australian mining industry.

Thank you for your continued support and belief in our journey.

Yours sincerely,

Keith Perrett
Non-Executive Chairman
Silver Mines Limited

REVIEW OF OPERATIONS

During the 2024 Financial Year, Silver Mines Limited (**‘Silver Mines’**, the **‘Company’** or the **‘Group’**) continued pre-development works and ongoing mineral exploration at the Bowdens Silver Project (**‘Project’**) located near Mudgee in New South Wales.

In March 2023, the Company updated its Mineral Resource Estimate reporting a substantial increase across all categories adding significant value and demonstrating confidence for further Project longevity. The Company also continued to undertake substantial exploration works across its tenement holdings.

PROJECTS

During the 2024 Financial Year, the Group controlled the following projects, all of which are located in New South Wales, Australia:

Bowdens Silver Project (silver/polymetallic)

Barabolar Project (copper/gold/silver)

Tuena Project (gold/silver)

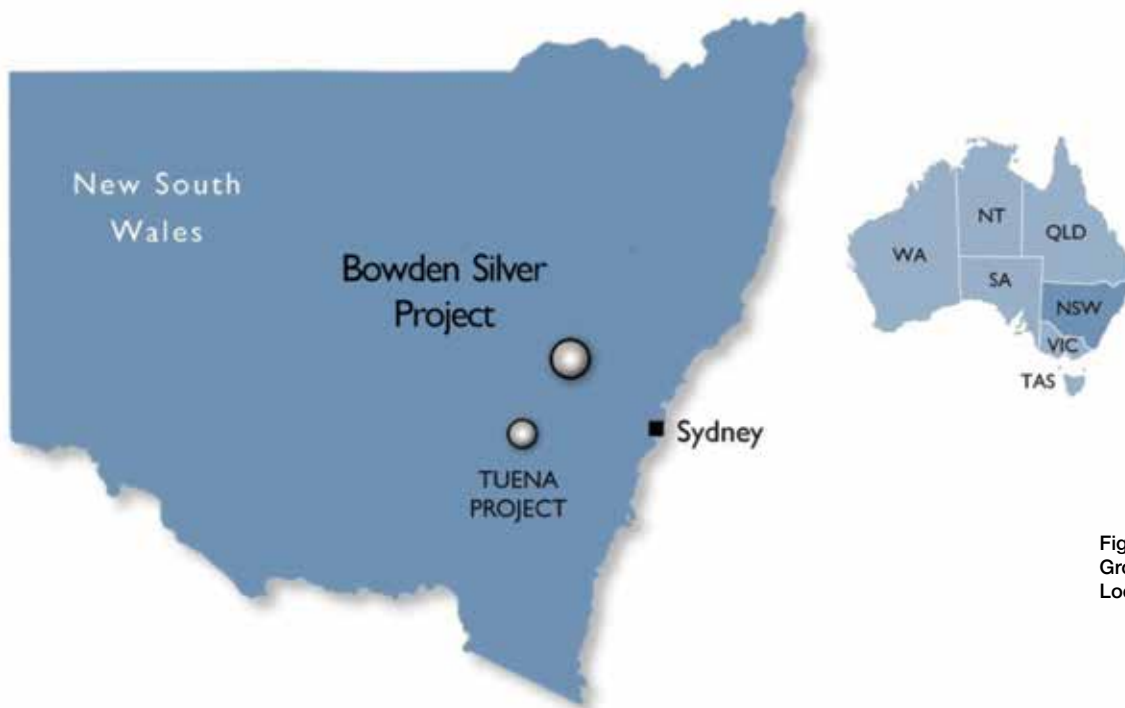


Figure 1.
Group Project
Locations.

REVIEW OF OPERATIONS



REVIEW OF OPERATIONS

Bowdens Silver Project

Introduction

The Bowdens Silver Project is located near Mudgee in the Central Tablelands Region of New South Wales, Australia.

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

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 study is demonstrating that the Project can potentially be developed and operated with even less environmental impact than the 2018 Feasibility Study design, with current plans considering a reduced development footprint across the open pit mine, waste rock emplacement and the tailings storage facility.

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 and EL8682. During the 2024 Financial Year, EL9580 was granted (*Refer to Figure 2*).

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 3*). Several intrusions cross-cut Ordovician, Silurian and Carboniferous units.

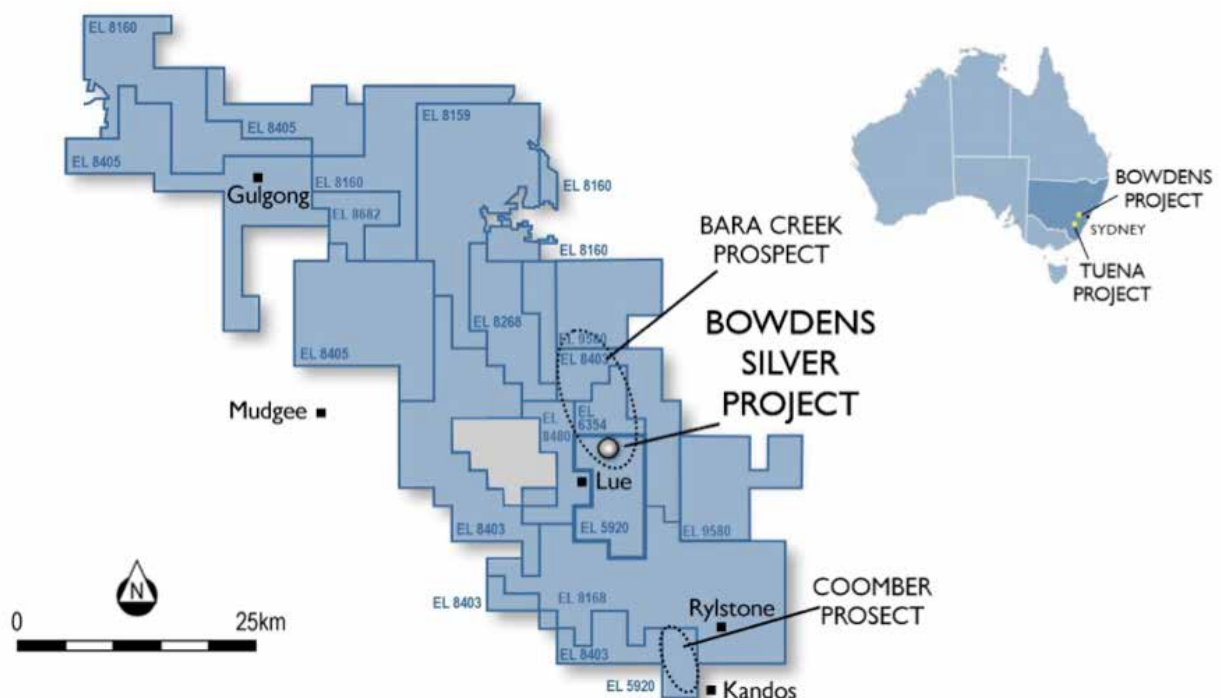


Figure 2. Silver Mines Limited Tenement and Project locations in the Mudgee district.

REVIEW OF OPERATIONS

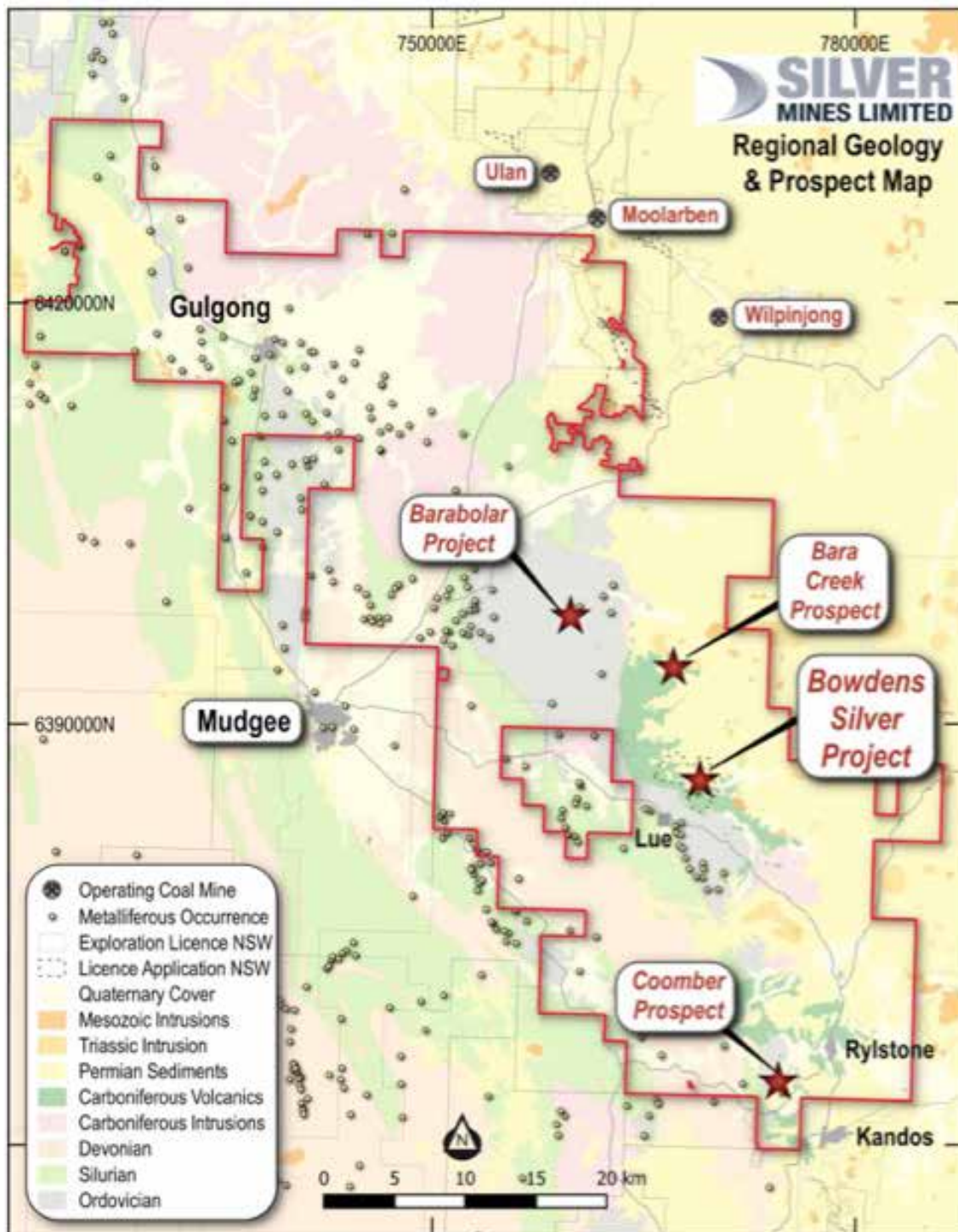


Figure 3. Silver Mines Limited prospect locations in the Mudgee district.

REVIEW OF OPERATIONS

Mineral Resource and Ore Reserve Statement

Mineral Resources

During the 2023 Financial Year, the Company provided an updated Mineral Resource for the Bowdens Silver Project ("2023 MRE"). The Bowdens Mineral Resource Estimate has been 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 1, 2 and 3, for further details.

With the updated Mineral Resource as of March 2023, the Mineral Resource and Ore Reserve is expected to be updated during the 2025 Financial Year.

Table 1 – 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

Table 2 – 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.

REVIEW OF OPERATIONS

Table 3 – 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

The 2023 MRE is the result of additional drilling conducted by Silver Mines (132 drill holes for 53,190 metres) over the past five and a half years. This additional information comprises 123 diamond core holes for 49,150 metres, 8 reverse circulation drill holes with diamond tails for 3,867 metres and one reverse circulation drill hole for 173 metres.

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.

REVIEW OF OPERATIONS

Table 5. 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.

The Ore Reserve estimate was based on the Bowdens Silver Project Mineral Resource as of September 2017 (see ASX announcement of 19 September 2017).

Governance and Quality Control

The Company ensures all resources calculations are undertaken and reviewed by independent, internationally recognised industry consultants.

All drill hole data is stored in-house within a commercially available purpose designed database management system and subjected to industry standard validation procedures. Quality control on resource drill programs have been undertaken to industry standards with implementation of appropriate drilling type, survey data collection, assay standards, sample duplicates and repeat analyses.



REVIEW OF OPERATIONS

Development Approval 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, Housing and Infrastructure ("**DPE**") (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).

In March 2022, the Company submitted a Water Supply Amendment Report. The key detail of this report was for the removal of a proposed water supply pipeline with water self-sufficiency confirmed for the Bowdens Silver Project.

In December 2022, the New South Wales DPE advised that subsequent to their assessments of the Bowdens Silver Project they had concluded that the Project was in the public interest and approvable subject to conditions of consent and referred it to the Independent Planning Commission of New South Wales ("**IPC**").

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

On 14 March 2024, the Company's wholly owned subsidiary Bowdens Silver Pty Ltd successfully defended the original proceedings commenced by Bingman Catchment Landcare Group Incorporated in the Land and Environment Court of New South Wales ("**Proceedings**") which challenged the development consent for the Bowdens Silver Project approved by the IPC on 3 April 2023 ("**Development Consent**").

Subsequently, Bingman filed an appeal in the Court of Appeal ("**Appeal**"). A hearing was held on 22 July 2024. The Appeal challenged the decision by the Land and Environment Court and it was upheld in a 2-1 majority decision by the Court of Appeal. The Bowdens Development Consent has been declared void and of no effect.

The Company is working through the ramifications of the ruling and advises that it remains fully committed to the progression of the Project through to production.

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 of the EIS, 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 Project 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.

REVIEW OF OPERATIONS

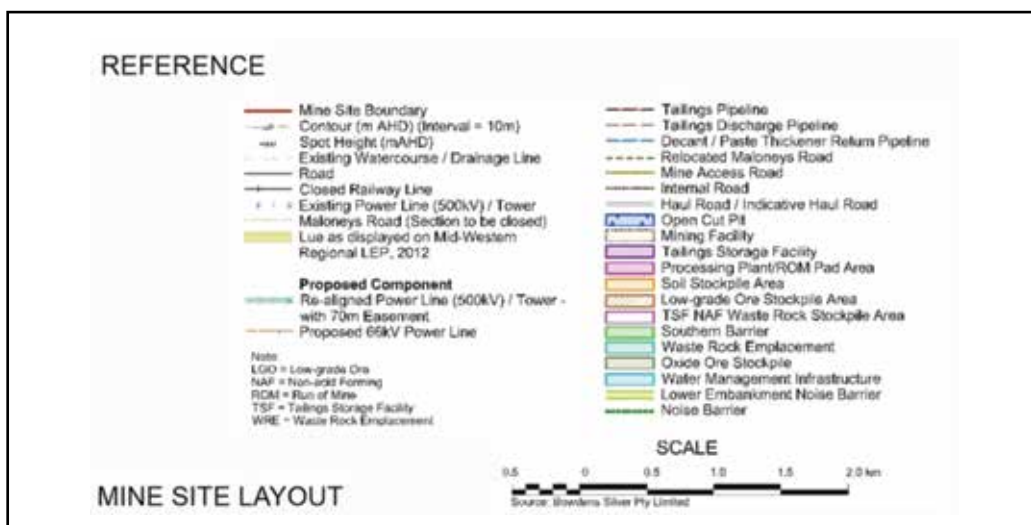
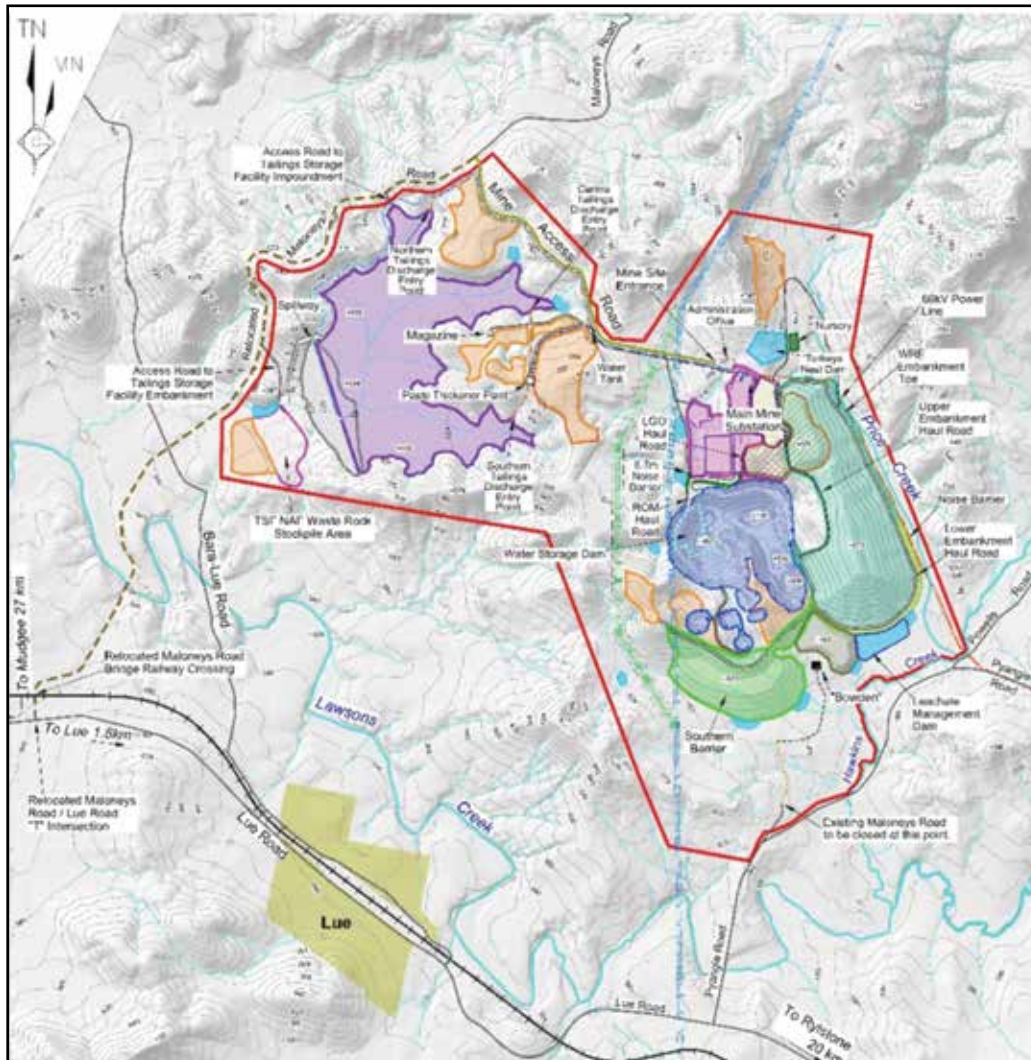


Figure 4: Bowdens Silver Mine Site Layout

REVIEW OF OPERATIONS

Bowdens Silver Completes Native Title Agreement

During the 2024 Financial Year, Bowdens Silver Pty Ltd (a subsidiary of the Company), completed a native title agreement with the Warrabinga-Wiradjuri #7 native title claim relating to a parcel of Crown land within the area of MLA 601 being the Bowden Silver Project.

In addition, the related Section 31 Deed has subsequently been executed by the Minister for Natural Resources on behalf of the State of New South Wales.

This completed 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.

Bowdens Silver Exploration

Drilling

During the 2024 Financial Year, the Company announced ongoing success in its exploration activities that yielded exceptional high-grade silver intercepts (see ASX

announcements 29 September 2023, 14 December 2023, 19 March 2024, 18 June 2024 and 28 June 2024).

These results followed drilling success during the 2023 Financial Year and an updated Mineral Resource Estimate released in March 2023.

Diamond drilling during the second half of 2023 was aimed at testing for extensions to the Bowdens Silver mineral system in many areas including to the south of the Southern Gold Zone, north of both the Aegean and Northwest Zones and west/southwest of the proposed open pit. Additionally, drilling also targeted prospective structures that are parallel to the Bowdens Silver Deposit and target horizons indicated from the 2022 seismic survey (see ASX announcements 29 September 2023 and 14 December 2023). Drilling of the 2022 targets generated from seismic survey was supported by \$100,000 of funding from the NSW Government through the NSW New Frontiers Exploration Program. Upon completion of these programs, drilling targeted significant depth extensions to the Mineral Resource Estimate with mineralisation intercepted over 1.5 kilometres down dip from the base of the planned open cut. A total of 16 holes for 9,344.6 metres were completed between June 2023 and February 2024 under these programs.

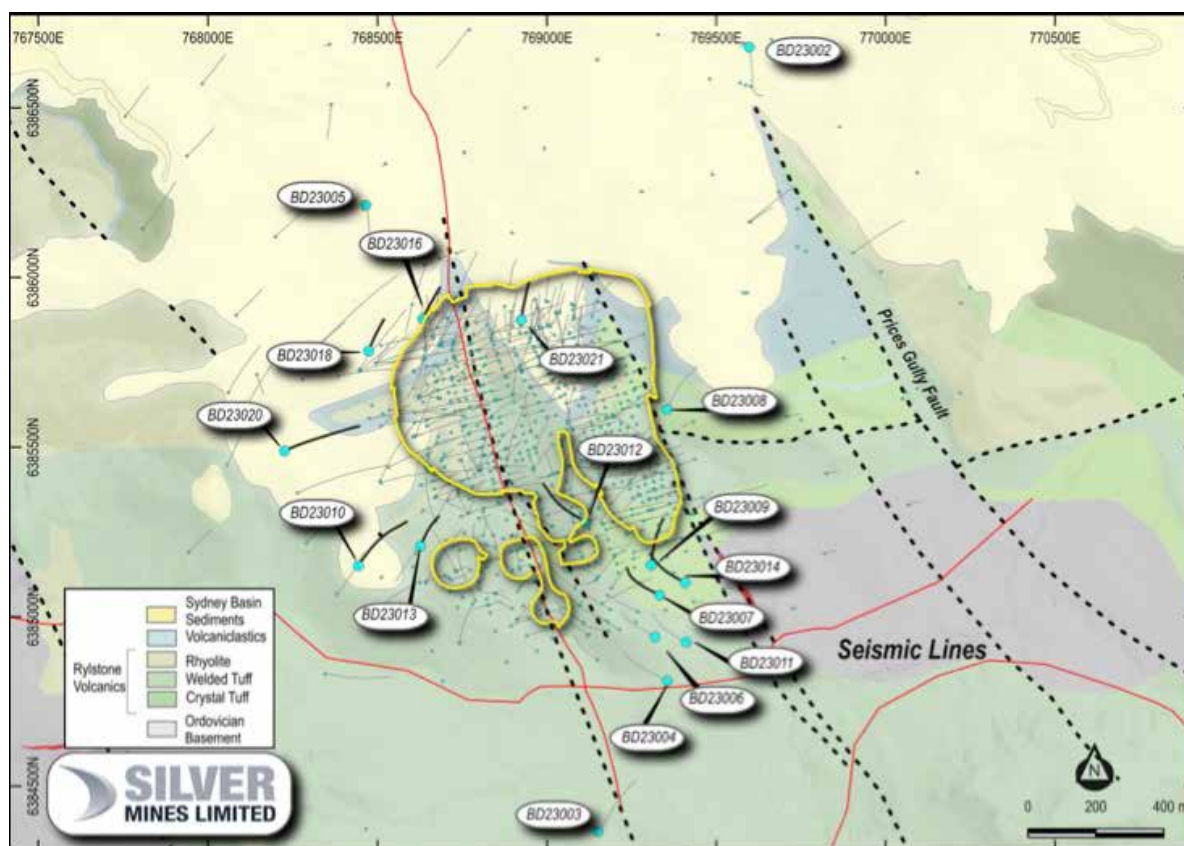


Figure 5: Location of drill holes completed between June and September 2023, including the 2022 seismic survey lines.

REVIEW OF OPERATIONS

In March 2024, the Company announced that blast hole drilling was completed as part of an approved bulk sample exploration program. Four bulk samples totalling 21 tonnes were taken from three sites for optimisation and mine development studies. Two sites where mineralisation outcrops in the south of Main Zone were drilled and then blasted, while one site in Main Zone was rock hammered. Assays from blast hole samples highlighted the potential for local zones of high-grade mineralisation not yet modelled within the Bowdens Silver Mineral Resource Estimate. Blast-hole sampling indicated averaged 43% higher than block model grades for the area sampled. Whilst the Company cannot necessarily expect to always achieve a future positive reconciliation of the block model versus actual grades, this observation provides encouragement for localised zones of high-grade between the current Mineral Resource drill holes.

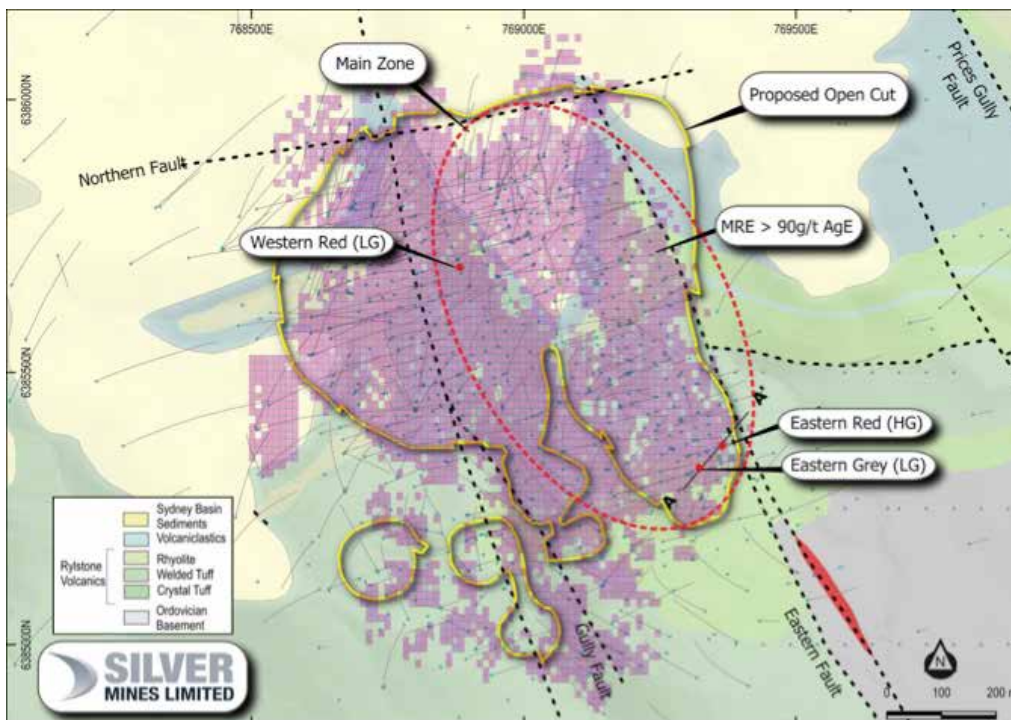


Figure 6: bulk sample locations at the Bowdens Silver Deposit.



Figure 7: bulk sample blast site showing mineralised fractures.

REVIEW OF OPERATIONS

Diamond drilling during 2024, was designed to infill zones of expected silver mineralisation in under sampled areas of the Bowdens Silver 2023 Mineral Resource Estimate. These areas specifically targeted zones within and surrounding the proposed open cut. Significant thicknesses of mineralisation were returned with extensions made around the base of the planned open pit in the south of Main Zone. A total of 14 holes for 2,228.4 metres were completed between March and May 2024.

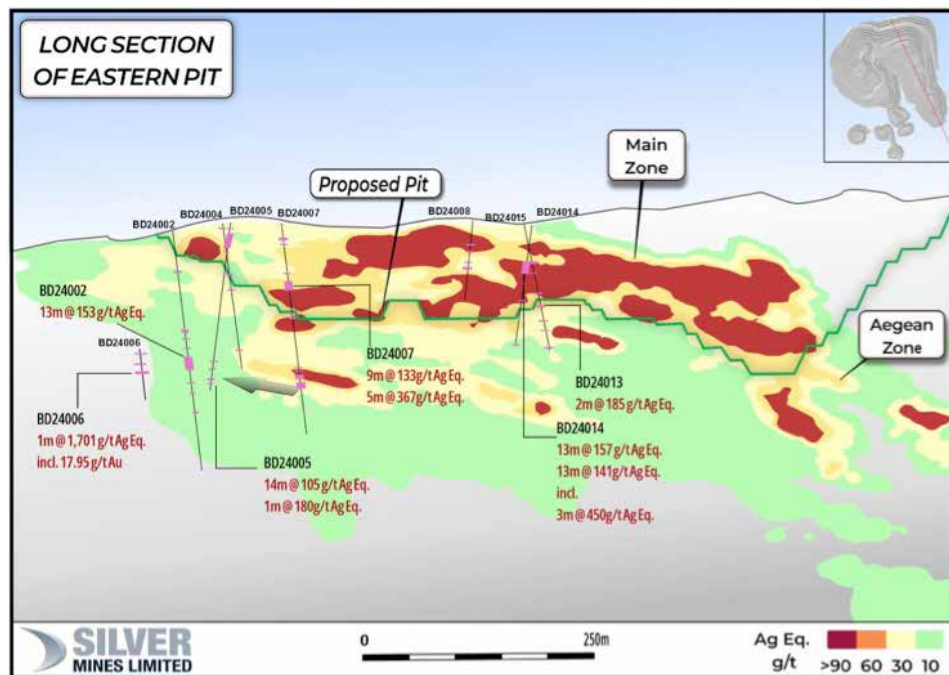


Figure 8: Long section of eastern planned pit showing infill drilling results.

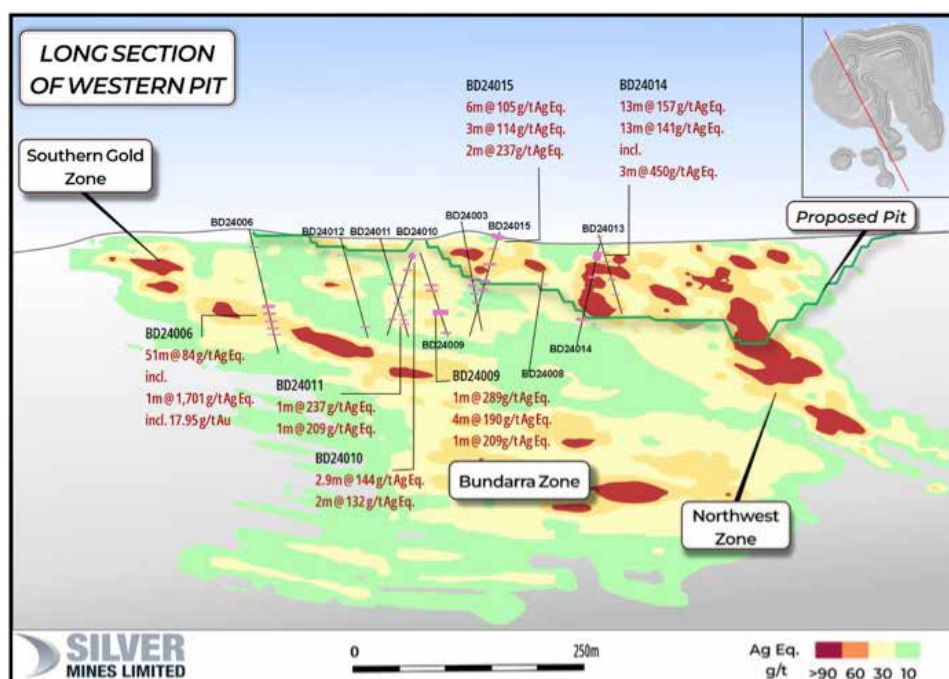


Figure 9: Long section of western planned pit showing infill drilling results.

REVIEW OF OPERATIONS

Geophysics and Regional Modelling

The Company 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. The seismic surveying was conducted under dominant purpose of the Company's on-going research and development programs, though also proved a potential exploration targeting tool.

Interpretation of the 2D seismic survey highlighted multiple new caldera structures within the Rylstone Volcanics, analogous to that which hosts the 396Moz AgEq Bowdens Silver deposit. Upcoming Exploration activities will focus on the five separate calderas/vents modelled – three within the Bowdens Volcanic Complex, and two calderas within the Coomber Volcanic Complex (including the Coomber Prospect and to the north of Rylstone).

The Bara Creek caldera measures 4km by 4km and includes distinct hydrothermal alteration including silicification. CRA Exploration identified a gold-copper-silver association in stream sediment samples in 1989. Only limited historical exploration work has been completed. The Three Hills caldera is 3.5km by 3.5km and completely covered by Sydney Basin sediments. No exploration work has been completed historically. The Coomber caldera is 3.3km by 3.3km and has silver-zinc-lead-gold mineralisation discovered by CRA Exploration in 1991. With historic drill results showing strong silver mineralisation, the Coomber caldera has significant resource potential. The Armentum caldera is roughly 5.6km by 4.1km and is predominantly covered by Sydney Basin sediments. No exploration work has been completed historically.

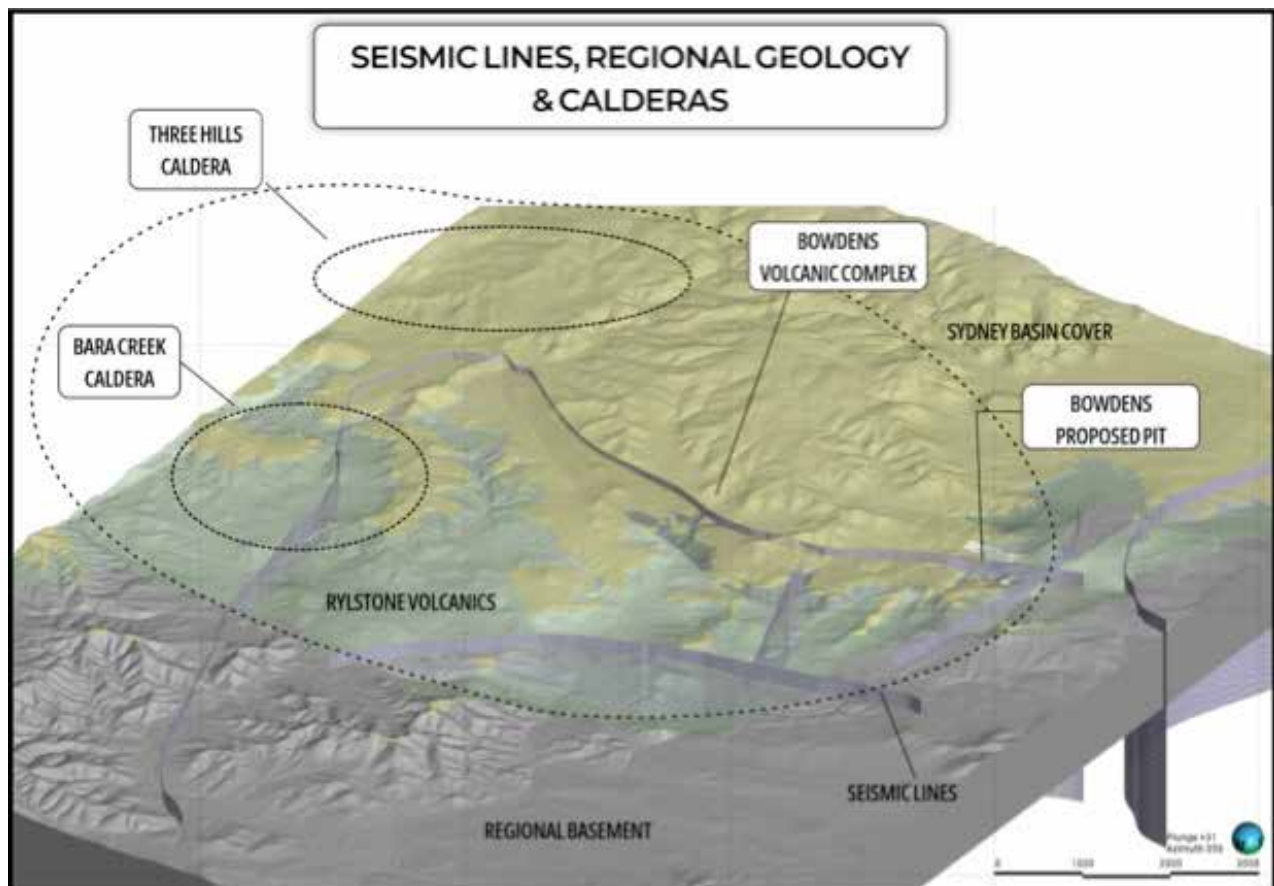


Figure 10: View looking northeast across the Bowdens Volcanic Complex showing geology model and seismic lines. Oblique view towards north east

REVIEW OF OPERATIONS

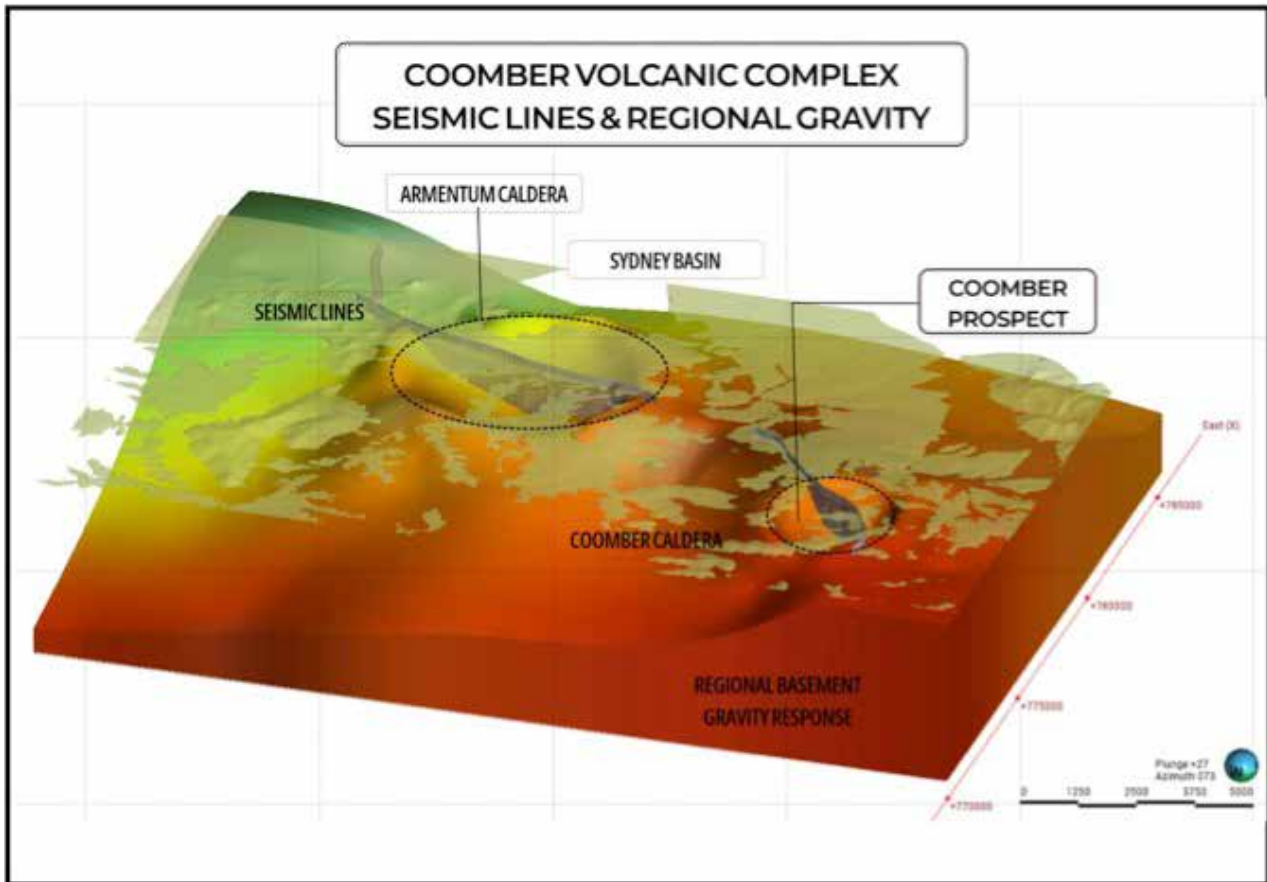


Figure 11: View looking northeast across the Coomber Volcanic Complex and the separate Coomber and Armentum calderas.



REVIEW OF OPERATIONS

Barabolar Project

The Barabolar Project located approximately 26 kilometres east of Mudgee and 10 kilometres northwest of the Company's Bowdens Silver Project and is a high-quality exploration project located within the highly prospective Macquarie Arc, which also hosts world-class mineral systems such as the Cadia-Ridgeway porphyry copper-gold deposit. Barabolar consists of a corridor of gold, copper, silver, zinc and lead soil and rock chip anomalies.

During the 2024 Financial Year, the results of the previous year's drilling activities completed at the Barabolar Project were investigated with petrology studies and return of downhole assays.

The drilling program to a depth of some 560 metres below surface, targeted coincident anomalies from soil sampling, gravity, and historic induced polarisation surveys (IP), as well as the significant occurrence of pyrophyllite alteration exposed at surface. The existence of pyrophyllite suggests preservation of a large hydrothermal system and potential connected porphyry system at depth.

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 observed is indicative of a broad hydrothermal system with exploration to continue to focus on areas of most intense veining and base metal sulphide emplacement. Mineralisation intercepted within the Project is consistent with the peripheral setting of the porphyry environment with individual peak assays of 0.24% copper, 0.81g/t gold, 1.41% lead, 2.22% zinc and 22g/t silver. These anomalous metals are synchronous with intensely altered volcanics.

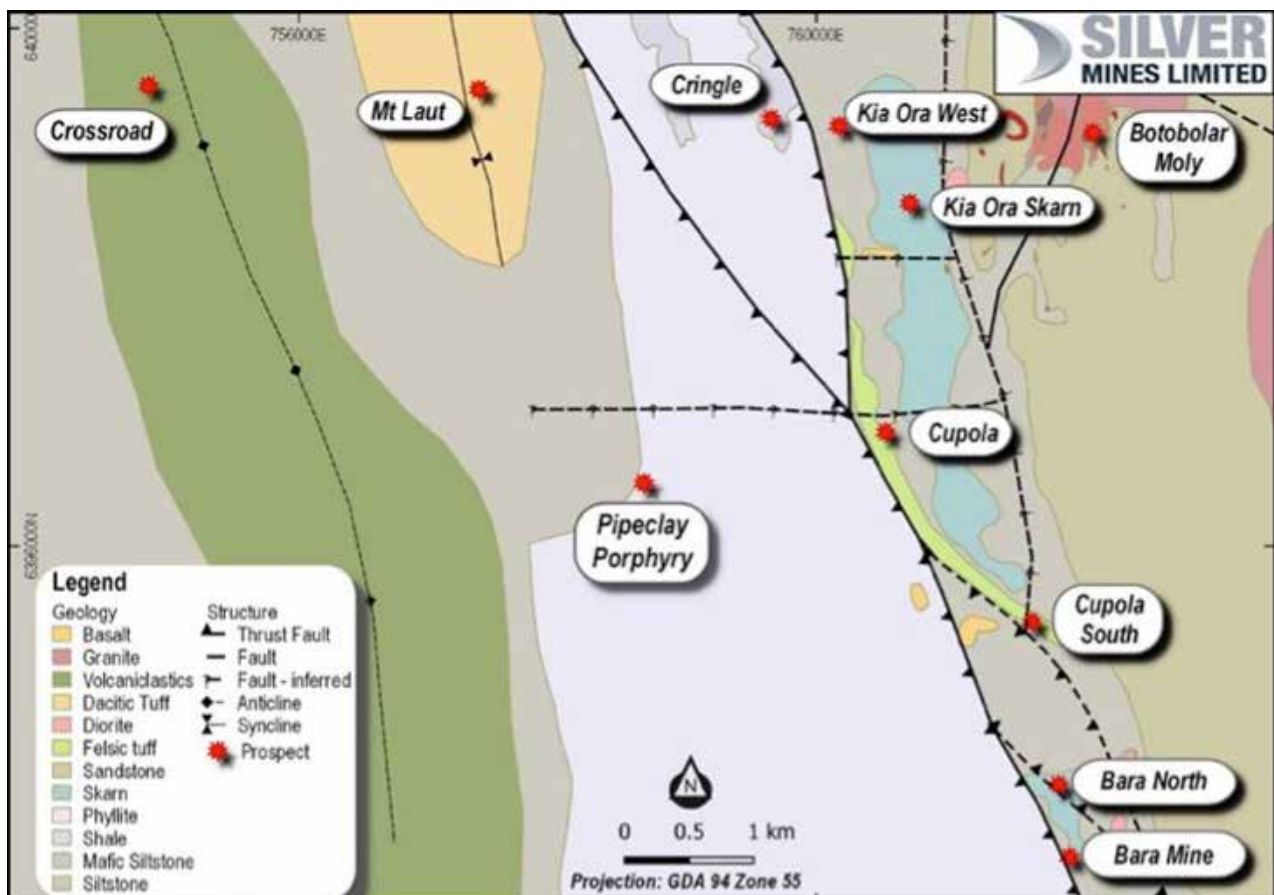


Figure 12. Prospect locations within the Barabolar Project area.

REVIEW OF OPERATIONS

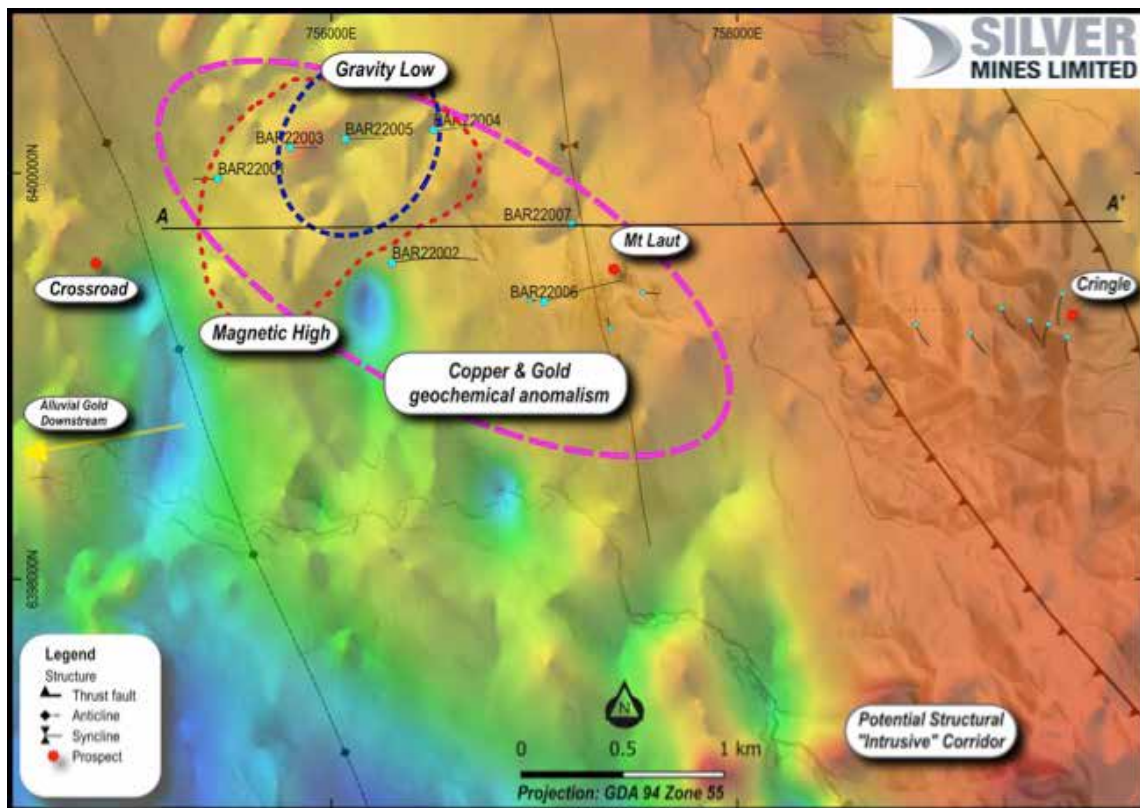


Figure 13: Drill locations at the Barabolar Project from 2022.

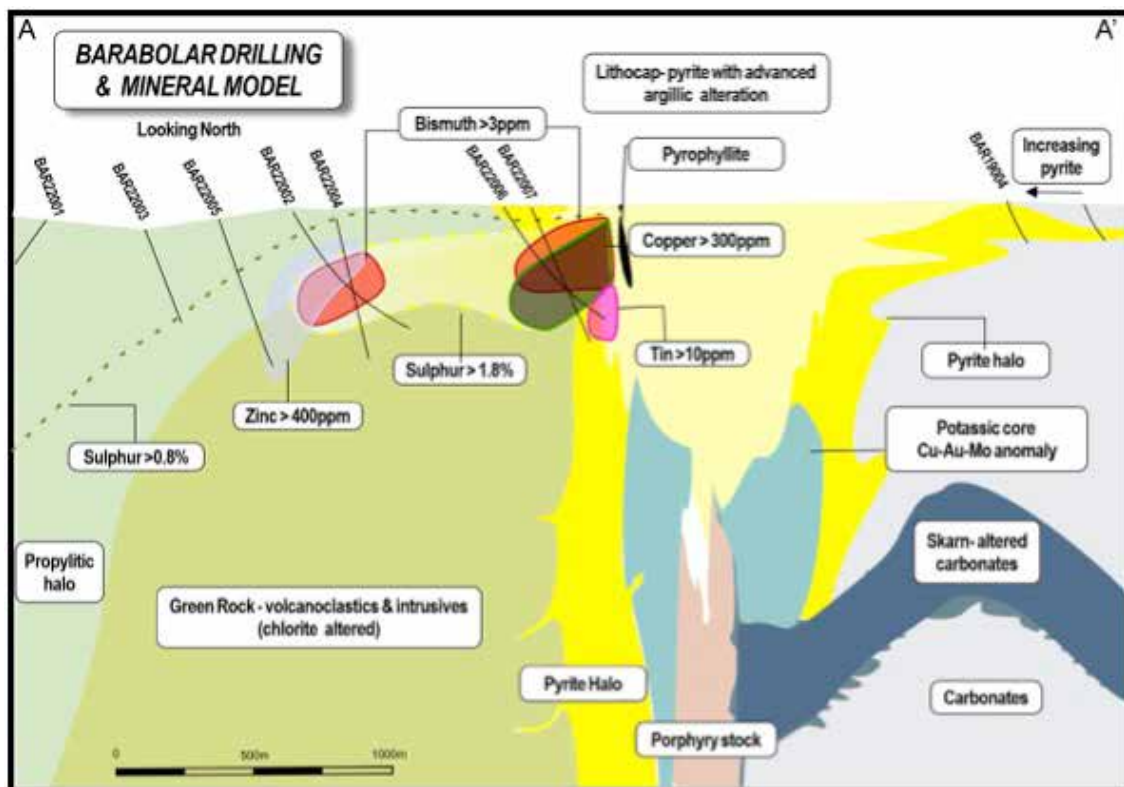


Figure 14: Schematic model from drilling at Barabolar (geology outside drilling results is conceptual in nature).

REVIEW OF OPERATIONS

Tuena Project

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

The Company is planning further work in follow up to the Tuena Gold Project drilling program and is also planning an expanded regional exploration program extending from immediately south of the McPhillamy's Gold Project and across EL8973, EL8974, EL8526, EL8975 and EL9588. During the 2024 Financial Year, EL9588 was granted in respect of Elsinora Prospect which is considered prospective for orogenic-style gold mineralisation and volcanic-hosted gold and base metal mineralisation.

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.

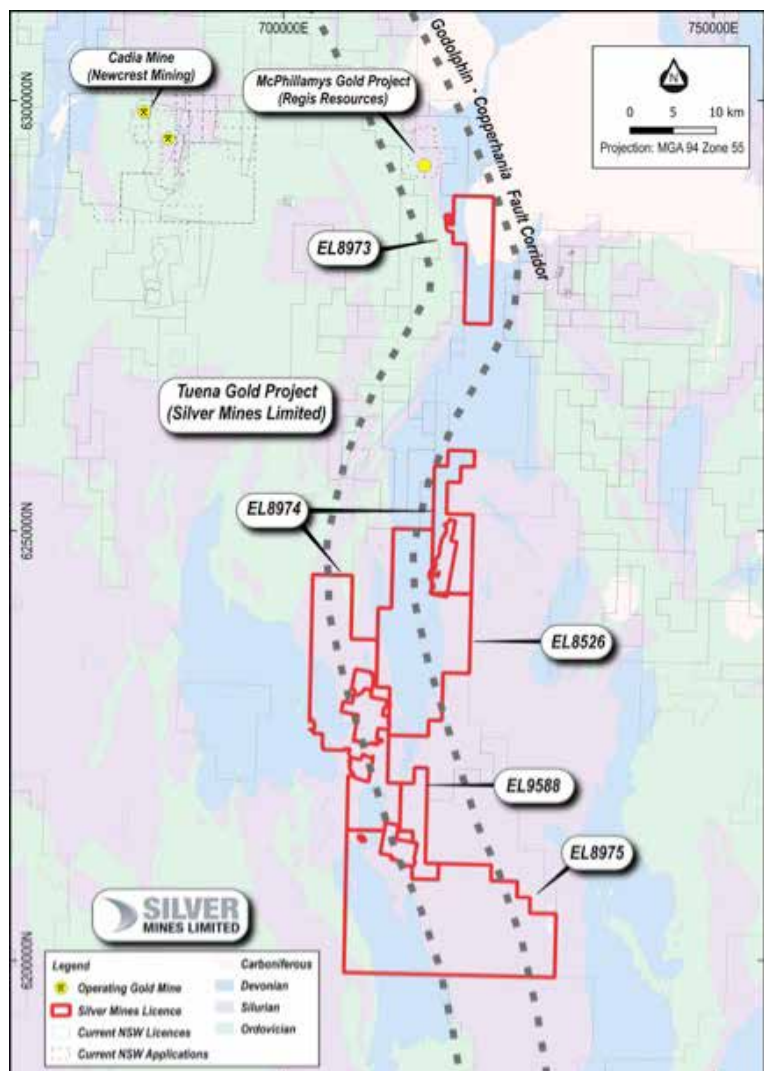
The Company previously completed a 20 hole 4,000 metre drill program designed to test beneath several of the historic hard-rock gold workings and associated geochemistry anomalies along an extensive 5.4 kilometre by 1.5-kilometre shear complex within EL8526. In addition, two targets were identified with both gold and base-metal pathfinder signatures. Both prospects adjoin historic workings at Lucky Hit and

Markham's Hill respectively and are defined by soil chemistry and modelling using the Company's propriety R&D methodology with anomalism of silver, bismuth, lead, tellurium and gold. These targets are being investigated 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 veins with or without pyrite (iron sulphide).

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.

Figure 15: Map showing the Tuena Gold Project.



REVIEW OF OPERATIONS



Research and Development

The Company has continued its commitment to research and development ("**R&D**") programs to better map and understand the Carboniferous Rylstone Volcanics and basement Palaeozoic (Ordovician and Silurian) rocks of the Company's exploration licences. These include technologies which are now being rolled out to the Company's wider projects to enable better targeting for regional exploration as well as on a local scale within the Bowdens Deposit.

The Company's R&D programs over the past few years, have involved collaboration between Silver Mines' researchers and researchers from the University of Technology Sydney, the University of New South Wales and Macquarie University. Several industry consultants and data collection contractors have also assisted in analysing and providing base datasets for the R&D program.

The Company has commenced a new R&D project seeking to develop a framework using the technologies developed in the first R&D project. Of particular focus is the transition of predictive geochemistry machine-learning algorithms into 3D. In this project the Company aims to develop technologies whereby bulk-property models of chemical and physical attributes can be used, in machine-learning algorithms, to predict volumes where there is an increased prospectivity or other metallurgical factors.

The Company's seismic survey collected during the year has enabled 3D modelling of the wider caldera as well as assisting locally at the Bowdens Silver Deposit. Modelling within the Bowdens Silver Deposit involved the development of mineral prediction activities. Of particular interest is the collection of illite (a clay/mica hydrothermal alteration indicator) crystallinity data measured from spectral analysis of drill core. In combination with the bulk properties and chemical models of the mineral system, illite crystallinity modelling has been shown to be effective both in economic mineralisation content and mechanical properties of the rock including grindability. The research and development is making positive progress on enabling geometallurgical studies to better predict priority areas for economic mineral extraction.

During the 2024 Financial Year, the Company's R&D work continued work on the new R&D project engaging with several research providers, as well as internal staff, to provide cutting edge technologies and processes that may have a positive impact on future economic development and discovery.

REVIEW OF OPERATIONS

Tenement Information as at 30 June 2024

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%



COMPETENT PERSONS STATEMENTS

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 Pty Ltd. Mr van der Heyden is a Member and Chartered Professional (Geology) 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 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.

The Company's Mineral Resources Statement has been compiled in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition), Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31.

The Mineral Resources Statement is based on, and fairly represents, information and supporting documentation prepared by the respective competent person named above.



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.

REVIEW OF OPERATIONS

CORPORATE

Placement

On 5 February 2024, the Company announced that it had successfully completed a capital raising of \$8 million (before costs) ("**Placement**") to institutional, professional and sophisticated investors resulting in the issue of 59,259,260 fully paid ordinary shares to using the Company's capacity under ASX Listing Rule 7.1.

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

Share Purchase Plan

On 5 February 2024, along with the Placement, the Company announced 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.

Under the SPP, eligible Silver Mines shareholders were provided the opportunity to apply for up to A\$30,000 of SPP Shares without incurring brokerage or other transaction costs.

On 8 March 2024, the Company announced that it had received applications from eligible shareholders totalling \$7.59 million which was well in excess of the original \$2 million target raising. In accordance with the SPP Offer Booklet and to minimise the scale-back of the SPP, the Company exercised its discretion and increased the size of the SPP to \$6 million.

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

After capital raising costs, the funds raised will be used primarily for progression of and pre-development expenses including exploration associated with the Company's flagship Bowdens Silver Project. Funding will also be made available for exploration activities at the Company's other projects and for corporate and general working capital purposes.

Retirement and Appointment of Managing Director

During the 2024 Financial Year, the Company announced that with the Company transitioning into its mine development and production phase, and subsequent to a thorough succession process, the appointment of Mr Jonathan Battershill as the Managing Director of the Company effective 1 January 2024.

Mr Battershill's appointment followed 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.

Mr Battershill holds a Bachelor of Engineering (Geology) (Hons) from the Camborne School of Mines, United Kingdom and has 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 was a non-executive director of Silver Mines since 2017.

Appointment and Resignation of Auditor

During the 2024 Financial Year, the Company announced the appointment of Ernst & Young 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 followed the resignation of the Company's previous auditor, Crowe Sydney and ASIC's consent to the resignation.

Board Appointment

Subsequent to the 2024 Financial Year, the Company announced the appointment of Mr Robert (Rob) Dennis as a Non-Executive Director of the Company effective 1 July 2024.

Mr Dennis is a mining engineer with 50 years' experience in the nickel, copper, gold and alumina industries. Rob is a skilled leader and has extensive base metals and precious metals operational, technical and project development experience.

Mr Dennis' past experience includes Chief Executive Officer and Managing Director of Poseidon Nickel Limited, Chief Operating Officer for the Independence Group ("IGO") where he was responsible for IGO's nickel, copper, zinc and gold operations including overseeing the development and commissioning of IGO's Nova Nickel Project.

Prior to that, Mr Dennis held positions including Chief Executive Officer at Aditya Birla Minerals Ltd where he managed the expansion and development of the Nifty Copper Project in the North West of Western Australia and the Mt Gordon operation in North Queensland, General Manager Project Development for Lionore Australia, General Manager Operations for Great Central Mines and Chief Mining Engineer for Western Mining Corporation.

Mr Dennis is currently Non-Executive Director of Stavley Minerals Ltd (ASX:SVY).

REVIEW OF OPERATIONS

Issue of Performance Rights

During the 2024 Financial Year, the following Performance Rights were issued to Mr Battershill the Managing Director under the Company's Incentive Plan and in connection with his appointment as Managing Director:

Item	First Performance (Class 1)	Vesting Rights	Second Performance (Class 2)	Vesting Rights	Third Performance (Class 3)	Vesting Rights
Number of Performance Rights	4,000,000		4,000,000		4,000,000	
Vesting conditions	Vest upon the Company's Shares achieving a 10 day VWAP of \$0.30 at any time before the Expiry date		Vest upon the Company's Shares achieving a 10 day VWAP of \$0.40 at any time before the Expiry date and provided commencement of mine construction has occurred.		Vest upon the Company's Shares achieving a 10 day VWAP of \$0.50 at any time before the Expiry date and provided successful mine commissioning has occurred.	
Term	3 years		3 years		3 years	
Grant Date	1 January 2024		1 January 2024		1 January 2024	
Expiry Date	31 December 2026		31 December 2026		31 December 2026	
Fair value per PR at grant date	\$0.12		\$0.11		\$0.10	

The Performance Rights issued to Mr Battershill under the Incentive Plan were issued on 17 January 2024 pursuant to Shareholder Approval at a general meeting of shareholders of the Company on 30 November 2023 pursuant to ASX Listing Rule 10.14.

Pursuant to the terms of the Incentive Plan, should Mr Battershill cease to be employed by the Group all unvested Performance Rights will automatically be forfeited, unless the Board otherwise determines in its discretion to permit some or all of the Performance Rights to vest.

RESULTS AND DIVIDENDS

The loss of the Group for the Financial Year after providing for income tax amounted to \$2,217,610 compared to a loss of \$4,111,001 for the previous year.

The Group incurred exploration and development expenditure of \$10,110,754 during the 2024 Financial Year (2023: \$13,704,582). The total net assets of the Group stand at \$137,610,351 (2023: \$125,924,789) of which investment in exploration expenditure accounts for \$92,624,423 (2023: \$82,513,669).

The Group is a mineral exploration and development company and as such does not earn income from the sale of any silver concentrate product at this stage. No dividends have been declared or paid during the year.

ENVIRONMENTAL REGULATIONS

The Group's operations are subject to various environmental controls under State regulations. The directors are not aware of any material breaches during the 2024 Financial Year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS DURING THE FINANCIAL YEAR

The Group did not have any significant changes in the state of its affairs during the 2024 Financial Year and after the end of the reporting period.

REVIEW OF OPERATIONS

MATERIAL BUSINESS RISKS

This section outlines the key risks and uncertainties that could impact the Company and its ability to achieve its operating and financial objectives.

Development

By its very nature, the development of a mining facility contains significant risks with no guarantee of success. The ultimate economic development of a mineral deposit is dependent on many factors, including the ability to access adequate capital for project development, obtaining regulatory consents and approvals necessary for the conduct of development and production, securing access to equipment, materials and infrastructure, securing access to competent operation management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Further, once established, mining operations can be impacted by a number of factors, including geological and weather conditions causing delays and interference to operations, access to necessary funding, metallurgical issues, mechanical failure of plant and equipment, shortages or increases in price of consumables and plant and equipment, environmental hazards, fires, explosions and other accidents.

Similarly, all production costs, particularly labour, fuel and power, are a key risk and have the potential to adversely affect the Company's profitability. If the Company develops mining operations and these are subject to cost overruns and/or higher than anticipated operating costs, this would adversely affect the Company's profitability, the value of the Company's projects and in turn, the value of its Shares.

The Company's financial performance will substantially depend on the accuracy of the cost estimates for the proposed development, other current and future expansion, development, and infrastructure plans, working capital requirements, the duration of relevant works program, government approvals, heritage approvals and clearances and personnel and equipment availability. The cost and time forecast estimates are based on assumptions including those in relation to study costs, scope and duration, the approvals process and timeline estimated, and operational issues, which are subject to uncertainty.

Exploration

The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

Exploration and drilling programs are designed to discover new exploration targets for development, as well as improve confidence in existing targets throughout the development stages of exploration projects to feasibility study level.

Exploration results that include drill results on wide spacings may not be indicative of the occurrence of a mineral deposit. Such results do not provide assurance that further work will establish sufficient grade, continuity, metallurgical characteristics, and economic potential to be classed as a category of mineral resource. The potential quantities and grades of drilling targets are conceptual in nature and, there has been insufficient exploration to define a mineral resource, and it is uncertain if further exploration will result in the targets being delineated as mineral resources.

Mineral Resources and Ore Reserve Estimates

The estimation of Mineral Resources and Ore Reserves are expressions of judgement based on knowledge, experience and industry practice. The reported estimates, which were valid when originally estimated, may alter significantly when new information or techniques become available. As new information is obtained through additional drilling and analysis, Mineral Resources and Ore Reserve estimates are likely to change. This may result in alterations to exploration, development and production plans which may, in turn, positively or negatively affect the Company's operations and financial position. In addition, by their very nature, Mineral Resources and Ore Reserves estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Resource and Reserve estimates may also be impacted by material changes in the silver price, in costs and changes to operations.

Mineral Resource and Ore Reserve estimates may also be impacted by material changes in the silver, zinc, lead and other commodity prices.

Community relations

A failure to adequately manage community and social expectations within the communities in which the Silver Mines operates may lead to local dissatisfaction which, in turn, could lead to interruptions to production, permitting and exploration operations. The Company has an established stakeholder engagement framework to guide the management of the Group's community relations efforts. The Company has dedicated community relations teams to work closely with the local communities and government.

REVIEW OF OPERATIONS

Regulatory

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production, and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties, or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Company's tenements.

Native Title and Aboriginal Heritage

In areas where native title exists or may exist, the ability of the Company to acquire a valid mining lease may also be subject to compliance with the 'right to negotiate' process under the Native Title Act. Compliance with this process can cause delays in obtaining the grant of a mining lease and does not ultimately guarantee that a mining lease will be granted. Attaining a negotiated agreement with native title claimants or holders to facilitate the grant of a valid mining lease can add significantly to the costs of any development or mining operation.

The ability of the Company to conduct activities on exploration or mining tenements is subject to compliance with laws protecting Aboriginal heritage. Conduct of site surveys to ensure compliance can be expensive and subject to delays. If any Aboriginal sites are located within areas of proposed exploration, mining or other activities, the Company's ability to conduct those activities may be dependent on obtaining further regulatory consents or approvals.

Tenement obligations

Tenements in New South Wales are governed by the *Mining Act 1992* (NSW). Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Failure to meet these expenditure, work and reporting commitments may render the tenements subject to forfeiture or result in the tenement holders being liable for penalties or fees. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of Silver Mines' interest in the projects.

Climate change and risks

There are a number of climate-related factors that may affect the Company's operations and proposed activities, including:

- the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While Silver Mines will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- climate change may cause certain physical and environmental risks that cannot be predicted, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

Establishment of strong relationships with the community and other stakeholders is fundamental to the long term success of the business. Although the Company endeavours to conduct its business in a manner which respects those communities and ensures mutually beneficial outcomes, its activities may have or be perceived to have an adverse impact on local communities, cultural heritage, the environment, or other matters which may result in community concern, adverse publicity, activism, litigation or other adverse actions taken by community, environmental or other action groups. Failure to maintain and build strong relationships and such adverse actions could affect the Company's social licence

REVIEW OF OPERATIONS



to operate, its reputation and lead to delays and increase costs which may adversely impact on operations, financial position and/or performance and the market price of Silver Mines' shares.

Land access and third party interests

The Company may be required to obtain the consent from the holders of third-party interests which overlay areas within its tenements, prior to accessing or commencing any exploration or mining activities on the affected areas. No assurance can be given that necessary access will be obtained when required or on acceptable terms.

Work Health and Safety risk and environmental liabilities

The Company's activities are subject to potential risks and liabilities associated with the potential pollution of the environment and the necessary disposal of mining waste products resulting from mineral exploration and mining. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration) is not generally available to Silver Mines (or to other companies in the minerals industry) at a reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available and could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing and are generally becoming more restrictive.

The mining industry has become subject to increasing occupational health and safety responsibility and liability. The potential for liability is a constant risk. If the Company fails to comply with necessary OH&S legislative requirements, it could result in fines, penalties and compensation for damages as well as reputational damage. Safety legislation may also change in a manner that may include requirements, in addition to those now in effect, and a heightened degree of responsibility for companies and their Directors and employees.

Commodity and currency price risk

It is anticipated that any future revenues derived from mining will primarily be derived from the sale of silver and other metals. Consequently, any future earnings are likely to be closely related to the price of gold and other mined commodities.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for metals, forward selling by producers and production cost levels in major metal-producing regions.

Commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development, and production activities, as well as on its ability to fund those activities.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency. As a result, the Company is exposed to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets, which could have a material effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board, to mitigate such risks.

Economic Risks

The operating and financial performance of the Company will be influenced by a variety of general economic and business conditions, including levels of consumer spending, commodity and metal prices inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. More generally, changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities, war, pandemics or natural disasters.

REVIEW OF OPERATIONS



REVIEW OF OPERATIONS

A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Company's operating and financial performance and financial position.

Cyber Risks

As with all organisations, the Company is reliant on information technology for the effective operation of its business. Any failure, unauthorised or erroneous use of the Company's information and/or information systems may result in financial loss, disruption or damage to its reputation.

Litigation Risk

The Company is exposed to possible litigation risks including, without limitation, intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance, and financial position.

Insurance risks

Insurance against all risks associated with the Company's business is not always available or affordable. The Company maintains insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

RISK MANAGEMENT

The Group manages the risks listed above, and other day to day risks through an established risk management framework. The Group's risk reporting and control mechanisms are designed to ensure strategic, safety, environment, operational, legal, financial, tax, reputational and other risks are identified, assessed and appropriately managed.

The financial reporting and control mechanisms are reviewed during the year by management, the Board, the internal audit function and the external auditor.

Senior management and the Board regularly review the risk portfolio of the business and the effectiveness of the Group's management of those risks.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The directors believe, on reasonable grounds, that it would unreasonably prejudice the interests of the Group if any further information on likely developments, future prospects and business strategies in the operations of the Group and the expected results of these operations, were included in this report.

FORWARD LOOKING STATEMENTS

This Annual Report may contain forward-looking information and statements that are subject to risk factors associated with mineral exploration, mining, processing and production businesses.

It is believed that the expectations reflected in these statements are reasonable however such information is not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors, many of which are beyond the control of the Company. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors including but not limited to price fluctuations, commodity demand, currency fluctuations, drilling and production results, Mineral Resource and Ore Reserve estimations, loss of market, competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions, political risks, project delay or advancement, approvals and cost estimates.

Forward-looking information and statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. No representation or warranty, expressed or implied, is made or given by or on behalf of the Company, any of the Company's directors, or any other person as to the accuracy or completeness or fairness of the information or opinions contained in this announcement and no responsibility or liability is accepted by any of them for such information or opinions or for any errors, omissions, misstatements, negligent or otherwise, or for any communication written or otherwise, contained or referred to in this report.

DIRECTORS' REPORT

INFORMATION ON BOARD

DIRECTORS

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

Keith Perrett	Non-Executive Chairman
Anthony McClure	Managing Director (resigned 31 December 2023)
Jonathan Battershill	Managing Director (appointed 01 January 2024, previously Non-Executive Director)
Kristen Podagiel	Non-Executive Director
Robert Dennis	Non-Executive Director (appointed 01 July 2024)

Mr Keith Perrett

Non-Executive Chairman

Mr Perrett has had a long involvement in agriculture as a producer and industry leader at local, state, national and international levels. He was formerly Chairman of the Grains Research and Development Corporation (GRDC), the National Rural Advisory Council (NRAC), the Wheat Research Foundation, and President of the Grains Council of Australia. Mr Perrett is Chairman of Acumentis Group Limited (ASX:ACU) (director since February 2018).

Mr Anthony McClure

Managing Director (resigned 31 December 2023)

Mr McClure graduated with a Bachelor of Science (Geology) degree from Macquarie University in 1986. He has had 35 years technical, management and financial experience in the resource sector worldwide in project management and executive development roles. He has also worked in the financial services sector within the mineral and energy sectors.

Mr McClure is currently a director of listed company Strickland Metals Limited (since April 2021). He is also a past director of Bolnisi Gold NL, Nickel Mines Limited, Santana Minerals Limited and European Gas Limited.

Mr Jonathan Battershill

Managing Director (appointed 01 January 2024, previously Non-Executive Director)

Mr Battershill graduated with a Bachelor of Engineering (Geology) degree (Hons) from the Camborne School of Mines, United Kingdom in 1995. His career spans over 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 as well as significant stockbroking experience at Hartleys, Citigroup and UBS both in Sydney and London. Mr Battershill was consistently voted one of the leading mining analysts in Australia between 2009 and 2015 by institutional investors.

Ms Kristen Podagiel

Non-Executive Director

Ms Podagiel has a distinguished legal background and over the past 20 years has worked as a commercial lawyer on major projects and developments including those in the mineral resources, technology, agriculture, energy and defence industries.

Ms Podagiel has extensive senior executive-level experience including her prior role as Chief Executive Officer and Managing Partner of McCullough Robertson, a leading Australian independent law firm. Ms Podagiel is a current director and chair of the Nomination and Remuneration Committee of PWR Holdings Limited (ASX:PWH), a global designer and manufacturer of high performative cooling solutions for elite motorsports, defence and automotive applications. She is also a Chair of ADG Capital Pty Ltd, a company involved in a range of engineering disciplines across various industry sectors including mining. She was a founding director of UNIQ You Ltd, a charity supporting women in mining and STEM related areas, and was previously the Interim Chief Executive Officer of Women's Legal Service Queensland which provides free legal and social work services to over 5,000 women every year.

DIRECTORS' REPORT

Mr Robert Dennis

Non-Executive Director (appointed 01 July 2024)

Mr Dennis is a mining engineer with 50 years' experience in the nickel, copper, gold and alumina industries. Rob is a skilled leader and has extensive base metals and precious metals operational, technical and project development experience.

Mr Dennis' past experience includes Chief Executive Officer and Managing Director of Poseidon Nickel Limited, Chief Operating Officer for the Independence Group ("IGO") where he was responsible for IGO's nickel, copper, zinc and gold operations including overseeing the development and commissioning of IGO's Nova Nickel Project.

Prior to that, Mr Dennis held positions including Chief Executive Officer at Aditya Birla Minerals Ltd where he managed the expansion and development of the Nifty Copper Project in the North West of Western Australia and the Mt Gordon operation in North Queensland, General Manager Project Development for Lionore Australia, General Manager Operations for Great Central Mines and Chief Mining Engineer for Western Mining Corporation.

COMPANY SECRETARY

Mr Trent Franklin

Company Secretary

Mr Franklin holds qualifications in Finance, Financial Planning and Insurance Broking. He has a Bachelor of Science (Geology/Geophysics) from the University of Sydney and is a Graduate of the Australia Institute of Company Directors.

Mr Franklin is currently the Managing Director of Enrizen Financial Group, Non-Executive Director of Gateway Mining Limited (since February 2013) and Director of Strickland Metals Limited (since April 2021). Mr Franklin is formerly a director of the Australian Olympic Committee Inc and Australian Water Polo Inc. He is also a Fellow of the Australian Institute of Company Directors.

MEETINGS OF DIRECTORS

	Meetings eligible to attend	Meetings attended
A McClure	7	7
K Perrett	12	12
J Battershill	12	12
K Podagiel	12	12
R Dennis ¹	0	0

1. Appointed 1 July 2024.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

Remuneration policy

The remuneration policy of the Group has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and for executives offering specific long-term incentives based on key performance indicators affecting the Group's financial results. The Board of Silver Mines Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The Board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements. The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 11%, and do not receive any other retirement benefits. All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black & Scholes methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at a general meeting of shareholders (currently \$500,000). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group and are able to participate in employee incentive plans.

Group performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. The Group believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance-based bonuses based on key performance indicators are expected to be introduced. The Group has not employed any executive officers, other than directors, and a general manager, who were involved in, concerned in, or who took part in the management of the Group's affairs.

The Group has a termination benefits policy approved by the Shareholders at Annual General Meeting of the Company held on 30 November 2023 (**2023 AGM**) and the approval grants discretion to the Board to determine the most appropriate leaving entitlements for holders of Managerial or Executive Office under their relevant employment agreements and incentive plans.

The termination benefits approved by the Shareholders at the 2023 AGM are as follows (**Termination Benefits**):

(i) Employment Agreements

The executive members of the Group and other Company employees are employed under service agreements which are capable of termination by the Company or the executive giving notice of a specified period. The Company may make a payment in lieu of some or all of the notice period in accordance with the terms of the employment agreement. In certain circumstances, incentives granted or issued but not yet vested may be vested and exercisable (if applicable) on termination by notice.

(ii) Diminution of Role

Depending on the individual employment agreement, certain executives may be entitled to resign from their employment with the Group in the event of a material diminution of their authority, duties status or responsibilities in their role, a change in their direct reporting relationship with the Group, or a permanent change to location of their employment.

If the Group receives such notice, the Group will provide the executive with 6 months' payment in lieu of notice of termination of employment from the end of the notice period and in certain circumstances, incentives granted or issued (but not yet vested) may be vested and exercisable.

DIRECTORS' REPORT

(iii) Incentive Plan

Under the Silver Mines Limited Securities Incentive Plan approved at the 2023 AGM (Incentive Plan), participants may have an opportunity to be granted incentives in the form of Equity Securities. Any Equity Securities granted to eligible participants will be issued in accordance with the Incentive Plan. The Board has discretion to approve the retention of Equity Securities to employees on cessation of employment with the Group in circumstances which it deems fit.

Key Service Agreements

Mr Keith Perrett. The service agreement with Lehavo Pty Ltd provides non-executive chairman services to the Group for non-executive chairman's fees of \$120,000 per annum. Mr Perrett provides services to the Group on behalf of Lehavo Pty Ltd. The agreement is ongoing on a month-to-month basis and Mr Perrett is required to provide 90 days' written notice if he wishes to resign from the Group.

Ms Kristen Podagiel has entered into a non-executive director service agreement with the Group whereby she receives non-executive director fees of \$95,000 per annum. The agreement between Ms Podagiel and the Group is ongoing on a month-to-month basis. Ms Podagiel is required to provide 90 days' written notice if she wishes to resign from the Group.

Mr Trent Franklin The service agreement with Enrizen Accounting Pty Ltd provides company secretarial and accounting services to the Group for a fee of \$12,000 per month. Mr Franklin acts as Company Secretary to the Group on behalf of Enrizen Accounting Pty Ltd. Mr Franklin was no longer considered key management personnel from November 2022, as from that point in time Mr Franklin's roles and responsibilities were amended so such that he did not have control over financial, operational or human resources within the Group and does not direct or manage resources.

Mr Robert Dennis has entered into a non-executive director service agreement with the Group whereby he receives non-executive director fees of \$95,000 per annum. The agreement between Mr Dennis and the Group is ongoing on a month-to-month basis.

Mr Jonathan Battershill had entered into a non-executive director service agreement with the Group whereby he received non-executive director fees of \$95,000 per annum until 31 December 2023. On 4 October 2023, Mr Battershill entered into executive services agreement with the Company for his appointment as the Managing Director of the Company effective 1 January 2024. The details of his remuneration are as follows:

- **Total Fixed Remuneration:** \$650,000 per annum (TFR) plus statutory superannuation, subject to review from time to time.

- **Short Term Incentives:** Mr Battershill will be eligible for annual Short Term Incentives (**STIs**) of up to 50% of TFR. The STIs will be payable at the Board's discretion and upon achievement by Mr Battershill of Key Performance Indicators (**KPIs**) primarily related to HSE (Health, Safety and Environmental) performance and other criteria as agreed by the Board from time to time.

The Board may decide to pay the STIs in cash, shares or in a combination of cash and shares. Any decision by the Board to pay any STIs in shares in the Company will be subject to shareholder approval in accordance with the ASX Listing Rules and other applicable law.

With respect to STIs, no KPIs were agreed by the Board and Mr Battershill in the 2024 Financial Year, and therefore no STIs were granted during this period.

- **Long Term Incentives:** 12,000,000 Performance Rights.

Additionally, as part of his remuneration on his appointment as a non-executive director in 2017, Mr Battershill was granted 5,000,000 unlisted options with an exercise price of \$0.20 per option which expire 3 years from the date of achievement of financing milestones.



DIRECTORS' REPORT

Voting and comments made at the Group's 2023 Annual General Meeting

At the 2023 AGM, 95.29% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration:

	Short-term benefits				Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Termination Pay	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled shares/Performance rights	Equity-settled options	
2024	\$		\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>									
K.Perrett (Chairman)	120,000	-	-	-	-	-	-	-	120,000
J Battershill	47,500	-	-	-	-	-	-	-	47,500
K Podagiel	95,000	-	-	-	-	-	-	-	95,000
R Dennis ¹	-	-	-	-	-	-	-	-	-
<i>Executive Directors:</i>									
J Battershill	325,000	-	-	-	27,500	-	203,877	-	556,377
A McClure ²	202,703	185,007	-	-	22,297	-	-	-	410,007
Total	790,203	185,007	-	-	49,797	-	203,877	-	1,228,884

1. Mr Dennis was appointed as the non-executive director of the Company effective 01 July 2024.

2. Mr McClure resigned as the Managing Director of the Company effective 31 December 2023.

DIRECTORS' REPORT

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
2023	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
K.Perrett (Chairman)	100,000	-	-	-	-	-	-	100,000
J Battershill	75,000	-	-	-	-	-	-	75,000
K Podagiel	75,000	-	-	-	-	-	-	75,000
<i>Executive Directors:</i>								
A McClure	409,092	300,000	-	42,955	-	-	-	752,047
<i>Other Key Management Personnel:</i>								
T Franklin ¹	124,070	-	-	-	-	-	29,388	153,458
	783,162	300,000	-	42,955	-	-	29,388	1,155,505

1. Fees payable to Mr Franklin are paid to Enrizen Accounting Pty Ltd and encompass Company Secretarial as well as accounting services to the Group.

Additional disclosures relating to key management personnel

Share-based compensation

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this Financial Year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Jonathan Battershill	5,000,000	13/12/2017	expiry 3 years from the date of achievement of financing milestones (Milestone Options)		\$0.20	\$Nil (Note)

Note: Due to the uncertainty in timing of milestone achievement and thus the life of option, the fair value was estimated based on the intrinsic value at grant date which is \$Nil.

Options granted carry no dividend or voting rights.

DIRECTORS' REPORT

All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the satisfaction of the vesting conditions attaching to the options. Options vest based on the provision of service over the vesting period whereby the holder becomes beneficially entitled to the option on vesting date. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise. Should Mr Battershill cease to be employed by the Group all unvested Options will automatically be forfeited, unless the Board otherwise determines in its discretion to permit some or all of the Options to vest.

None of the options disclosed above vested or lapsed during the 2024 Financial Year.

Performance Rights

Item	First Vesting Performance Rights (Class 1)	Second Vesting Performance Rights (Class 2)	Third Vesting Performance Rights (Class 3)
Number of Performance Rights	4,000,000	4,000,000	4,000,000
Vesting conditions	Vest upon the Company's Shares achieving a 10 day VWAP of \$0.30 at any time before the Expiry date	Vest upon the Company's Shares achieving a 10 day VWAP of \$0.40 at any time before the Expiry date and provided commencement of mine construction has occurred.	Vest upon the Company's Shares achieving a 10 day VWAP of \$0.50 at any time before the Expiry date and provided successful mine commissioning has occurred.
Term	3 years	3 years	3 years
Grant Date	1 January 2024	1 January 2024	1 January 2024
Expiry Date	31 December 2026	31 December 2026	31 December 2026
Fair value per PR at grant date	\$0.12	\$0.11	\$0.10

Pursuant to the terms of the Incentive Plan, should Mr Battershill cease to be employed by the Group all unvested Performance Rights will automatically be forfeited, unless the Board otherwise determines in its discretion to permit some or all of the Performance Rights to vest.

None of the performance rights disclosed above vested or lapsed during the 2024 Financial Year.

DIRECTORS' REPORT

Shareholding

The number of shares in the Company held during the Financial Year by each director and other members of key management personnel of the consolidated entity, directly and indirectly, including their personally related parties, is set out below:

Ordinary shares	Balance 30 June 2023	Net change			Balance 30 June 2024
		Granted during the year as compensation	Received during the year on the exercise of an option	Other changes	
Directors					
A McClure ¹	49,078,128	-	-	(18,445,313)	30,632,815
K Perrett	4,630,434	-	-	-	4,630,434
K Podagiel	312,500	-	-	-	312,500
J Battershill	1,687,500	-	-	-	1,687,500

1. Mr McClure resigned as the Managing Director of the Company effective 31 December 2023.

The number of options over ordinary shares in the Company held during 2024 Financial Year by each director and other members of key management personnel of the consolidated entity, including related parties, is set out below:

Option holding

Options	Balance 30 June 2023	Net change			Balance 30 June 2024	Options vested at the end of the reporting period	Options vested and exercis- able at the end of the reporting period	Options vested and not exercis- able at the end of the reporting period
		Granted during the year as compen- sation	Exercise during the year	Other changes				
Directors								
A McClure ¹	-	-	-	-	-	-	-	-
K Podagiel	-	-	-	-	-	-	-	-
K Perrett	-	-	-	-	-	-	-	-
J Battershill	5,000,000	-	-	-	5,000,000	-	-	-

1. Mr McClure resigned as the Managing Director of the Company effective 31 December 2023.

There were no options or performance rights that have vested or lapsed during the 2024 Financial Year.

There were no share-based payments issued to non-executive directors during the 2024 Financial Year in line with their service agreements.

There were no loans extended by the Group to any key management personnel.

Other transactions with key management personnel and their related parties

During the Financial Year, the Company employed a family member of a key management person with a total remuneration package of \$70,650 (2023: \$145,659). This amount has been recorded as part of expenses and all has been paid during the year. This family member is no longer employed with the Group.

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement is attached to this report and located on the Company's website. The Company has mostly complied with the applicable principles of corporate governance, and if it has not, it has explained why that is so.

Additionally, during the 2023 Financial Year, Silver Mines signed to the Digbee ESG Platform (**Digbee**), an industry leading environmental, social and governance (**ESG**) disclosure framework to report Silver Mines' ESG performance across all operational and corporate activities. Digbee offers standardised disclosure for mining companies at all stages of maturity. Their independent, third party assessment of ESG performance enables benchmarking against peers and other mining companies which produces scores ranging from A (maximum) to CCC (minimum). Silver Mines' approach to ESG shapes its values and underpins its philosophy. Silver Mines is committed to the highest level of integrity and ethical standards in all its business practices.

During the Financial Year, Digbee awarded Silver Mines an inaugural overall ESG rating of BBB on both corporate and the Bowdens Silver Project. This Digbee rating is a credible foundation for Silver Mines to build on, and demonstrates Silver Mines' commitment to ESG integration, reporting transparency and continuous improvement.

The Digbee ESG report is available to view in full on the Company's website.

Proceedings on behalf of the Group

On 28 June 2023, the Bingman Catchment Landcare Group Incorporated ("**Bingman**") had commenced proceedings in the Land and Environment Court of New South Wales ("**Proceedings**") against the State Government's IPC and Bowdens Silver Pty Ltd challenging the development consent for the Bowdens Silver Project approved by the IPC on 3 April 2023 ("**Development Consent**").

On 14 March 2024, the Company's wholly owned subsidiary Bowdens Silver Pty Ltd successfully defended the original Proceedings commenced by Bingman Catchment Landcare Group Incorporated in the Land and Environment Court of New South Wales.

Subsequently, Bingman filed an appeal in the Court of Appeal ("**Appeal**"). A hearing was held on 22 July 2024. The Appeal challenged the decision by the Land and Environment Court and it was upheld in a 2-1 majority decision by the Court of Appeal. The Bowdens Development Consent has been declared void and of no effect.

The Company is working through the ramifications of the ruling and advises that it remains fully committed to the progression of the Project through to production.

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services performed by the external auditor during the 2024 Financial Year.

Directors and officers' indemnification

The Group has paid a premium to insure the directors and officers of the Group. The insurance agreement limits disclosure of premium details. The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

DIRECTORS' REPORT

Shares under option

Unissued ordinary shares of Silver Mines Limited under option at the date of this report as follows:

Grant date	Expiry date	Exercise price	Number under option
28 November 2017	3 years from milestone achievement ¹	\$0.20	5,000,000
21 December 2021	21 December 2024	\$0.30	9,000,000
01 March 2023	01 March 2026	\$0.30	2,500,000
01 March 2023	01 March 2028	\$0.50	2,500,000
Total			19,000,000

1. Expiry which is three years from the date of achievement of Project Financing, which must achieve a minimum of \$150 million. This was set out in the Company's Notice of Annual General Meeting dated 30 October 2017.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Silver Mines Limited issued during the year ended 30 June 2024 on the exercise of options.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

Indemnity and insurance of auditor

The Company has not, during or since the end of the Financial Year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the 2024 Financial Year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Rounding

All values are rounded to the nearest dollar except when otherwise indicated under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

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 annual report.

EVENTS SUBSEQUENT TO REPORTING DATE

\$30.2 Million Convertible Debenture Funding

Subsequent to the 2024 Financial Year, the Company announced it had entered into a binding interim convertible debenture ("**Convertible Debentures**") agreement ("**Interim Debenture Agreement**") with Bromma Asset Management Inc. a specialised investment firm led by Harry Lundin, Rick Rule and MMCAP International Inc. SPC (each, a "**Holder**"), securing A\$30.2 million in funding (before costs).

In connection with the transaction, Silver Mines has appointed SCP Resource Finance as its adviser.

After costs, the funds raised under the Convertible Debentures will be used predominantly for the following:

- drilling;
- engineering studies for the Definitive Feasibility Study;
- pre-construction activities; and
- general & administrative costs for the Bowdens Silver Project.

Bromma Asset Management Inc., through its Bromma Resource Master Fund Inc., is a Canadian investment firm with a focus on the resource sector, particularly in precious metals.

The material terms of the Interim Debenture Agreement are as follows:

Principal Sum	The Company will raise a maximum of A\$30,200,000 (Principal Sum).
Face Value	30,200 Convertible Debentures each with a face value of A\$1,000.00.
Original Issue Discount	2%
Conversion	The Holders shall have the right (but not the obligation) at any time prior to redemption or the Maturity Date to convert all or any part of the Principal Sum into fully paid ordinary shares in the capital of the Company (Shares) at a conversion price of A\$0.22 per Share (Conversion Shares).
Conversion Price	A\$0.22 per Share (Conversion Price). The Conversion Price is a 33% premium to the Company's last trading price of \$0.165.
Mandatory Conversion	Provided that the Shares issuable upon the conversion of the Convertible Debentures are free trading and not subject to any restrictions on resale, the Company may elect to convert of all of the Principal Sum of the then outstanding Convertible Debentures at the Conversion Price prior to the Maturity Date, if the price of Shares on ASX is greater than A\$0.375 for any 15 consecutive trading days during any period of 30 consecutive trading days, subject to a minimum trading volume of 4,000,000 average Shares over the measurement period.
Additional Debt	Prior to the Maturity Date, the Company shall not issue any additional debt without the prior approval of the Holders (Negative Pledge), until project financing is committed, thereafter; (i) at the option of the Holders, the Negative Pledge will be terminated; or (ii) at the option of the Company, the outstanding Convertible Debentures owing to the Holders can be either redeemed at 102% of the Principal Sum thereof plus unpaid interest to the Maturity Date, payable in cash (upon which the Negative Pledge will terminate automatically).

DIRECTORS' REPORT

Maturity	<p>The Convertible Debentures will mature after 48 months from the Issue Date (Maturity Date).</p> <p>On the Maturity Date, the Company must repay the outstanding balance of the Principal Sum (plus any interest accrued thereon) to the Holders:</p> <ul style="list-style-type: none">(a) in cash; or(b) with the mutual consent of both the Company and the Holders, and to the extent required under Listing Rule 7.1, shareholder approval, in Shares with the price per Share based on a 10% discount to the volume weighted average price (VWAP) of the Shares on the Exchange (as defined below) for 10 trading days preceding the Maturity Date, subject to a minimum daily trading volume of 4,000,000 Shares; or(c) with the mutual consent of both the Company and the Holders a combination of both (a) and (b).
Interest	<p>Interest will accrue on the Convertible Debentures at the rate of 10% per annum, payable quarterly in arrears in each year until the Maturity Date, as follows:</p> <ul style="list-style-type: none">(a) (Initial Period): during a period commencing the date of issue (the Issue Date) and ending on the second quarterly interest payment date, in cash;(b) (Second Period): for a further period of 30 months from the Issue Date, at the option of the Company, by either:<ul style="list-style-type: none">(i) the issue of 1/3 the equivalent value of the interest in Shares (Interest Shares), at a price per Interest Share equal to a 10% discount to the volume weighted average trading price (the VWAP) of the Shares on the ASX for the 10 trading days preceding the applicable interest payment date, provided that the Interest Shares are free trading and listed and not subject to any restrictions on resale; and(ii) the payment of 2/3 the value of the interest in cash; or(iii) the payment of the entire value of interest in cash;(c) (Third Period): after the expiry of the Second Period, in cash.
Conditions Precedent	<p>The issue of the Convertible Debentures will be subject to the following conditions precedent:</p> <ul style="list-style-type: none">(a) (Definitive Agreements): the entry into fuller form binding documentation in respect of the Convertible Debentures; and(b) (FIRB Approval): the Holders obtaining:<ul style="list-style-type: none">(i) a written notice, by or on behalf of the Treasurer of the Commonwealth of Australia, stating that the Commonwealth Government does not object to the issue of the Convertible Debentures (and any document executed in connection with the Convertible Debentures) under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (FATA); or(ii) professional advice from its legal advisers that the issue of the Convertible Debentures does not require approval under FATA and the Holders provides a copy of that advice to the Company.

DIRECTORS' REPORT

Security and ranking	<p>The Convertible Debentures will be senior secured obligations of the Company, and shall rank senior in right of payment of principal and interest to all other previously existing or hereafter issued indebtedness of the Company.</p> <p>The Convertible Debentures will be secured by a general security interest over the assets of the Company. The Company will enter into a general security agreement under which the Company will have negative covenants not to pledge, sell, lease or otherwise dispose of its assets, other than in the normal course or as permitted pursuant to the Definitive Agreements, without the Holders' prior written consent.</p> <p>The Convertible Debentures shall have the benefit of a guarantee of the subsidiaries of the Company of all indebtedness and liabilities of the Company to the Holders under the Convertible Debentures.</p>
Unquoted	<p>The Convertible Debentures will be unquoted. The Company will apply for quotation of all Shares issued pursuant to the Interim Debenture Agreement.</p>
Redemption on Change of Control	<p>In the event of a Change of Control of the Company, the Holders shall have the right to require the Company to either:</p> <ul style="list-style-type: none"> (a) purchase the Convertible Debentures at 105% of the Principal Sum thereof plus unpaid interest to the Maturity Date; or (b) if: <ul style="list-style-type: none"> (i) the Change of Control results in a new or successor issuer (or equivalent in any foreign jurisdiction); or (ii) the Company is acquired by a reporting issuer or its equivalent in any foreign jurisdiction, convert the Debenture into a replacement debenture of the new or successor issuer or the acquiring reporting issuer, as applicable, in the aggregate principal amount of 105% of the aggregate Principal Sum of the Convertible Debentures; or (c) convert the Convertible Debentures at the Conversion Price. <p>Change of Control means:</p> <ul style="list-style-type: none"> (a) any transaction (whether by purchase, merge or otherwise) whereby a person or persons acting jointly or in concert directly or indirectly acquire(s) the right to cast, at a general meeting of shareholders of the Company more than 50% of the votes that may be ordinarily cast at a general meeting; (b) the Company's amalgamation, consolidation or merger with or into any other person, any merger of another person into the Company unless the holders of voting securities of the Company immediately prior to such amalgamation, consolidation or merger hold securities representing 50% or more of the voting control or direction in the Company or the successor entity upon completion of the amalgamation, consolidation or merger; or (c) any conveyance, transfer, sale lease or other disposition of all or substantially all of the Company's and its subsidiaries' assets and properties, taken as a whole, to another arm's length person.
Covenants	<p>In addition to customary positive and negative covenants contained in the Convertible Debentures, the Company will be required to maintain a minimum positive working capital of not less than A\$3,000,000.</p>
Events of Default	<p>The Definitive Agreements will contain certain market standard events of default for an agreement of this nature.</p>

DIRECTORS' REPORT

An Original Issue Discount of 2% will be deducted from the Principal Sum as agreed with the Holders. The Company will also pay SCP Resource Finance a fee of USD\$200,000.

The Company will keep the market updated as the transaction progresses.

Appeal Proceedings

As detailed further earlier in this report, Bingman filed an appeal in the Court of Appeal ("**Appeal**"). A hearing was held on 22 July 2024. The Appeal challenged the decision by the Land and Environment Court and it was upheld in a 2-1 majority decision by the Court of Appeal. The Bowdens Development Consent has been declared void and of no effect.

The Company is working through the ramifications of the ruling and advises that it remains fully committed to the progression of the Project through to production.

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.

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



Keith Perrett
Chairman

30 September 2024



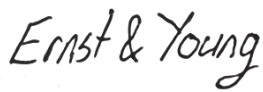
Jonathan Battershill
Managing Director

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

As lead auditor for the audit of the financial report of Silver Mines Limited for the year ended 30 June 2024, 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 audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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



Ernst & Young



James Johnson
Partner
30 September 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 \$	2023 \$
Revenue	2/3	263,129	172,214
Cost of sales		(205,293)	(163,098)
Gross profit from continuing operations		57,836	9,116
Other income	3	943,381	95,890
Fair value measurement of livestock		233,207	(295,499)
Fair value movement of financial assets at fair value through profit and loss		-	(705,860)
Share registry and exchange fees		(235,835)	(245,300)
Auditors remuneration		(96,352)	(53,726)
Marketing expenses		(256,304)	(149,654)
Office expenses		(59,108)	(49,483)
IT and communication expenses		(20,656)	(23,114)
Depreciation expenses		(233,855)	(277,903)
Accounting services fees		(60,000)	(115,000)
Professional and technical advisors expenses		(827,994)	(675,261)
Employee benefits expenses		(662,403)	(906,694)
Travel and accommodation expenses		(191,238)	(31,836)
Share based payment		(452,302)	(434,791)
Farm operations		(198,638)	(137,161)
Other expenses		(363,722)	(269,816)
Profit / (Loss) from continuing operations before interest and income tax		(2,423,983)	(4,266,092)
Interest income		217,534	249,232
Finance costs		(11,161)	(94,141)
Profit / (Loss) from continuing operations before income tax		(2,217,610)	(4,111,001)
Income tax	4	-	-
Profit / (Loss) from continuing operations after income tax		(2,217,610)	(4,111,001)
Other comprehensive income		-	-
Total comprehensive income / (loss) (attributable to owners of the company)		(2,217,610)	(4,111,001)
Earnings per share (cents per share)			
Basic earnings per share	21	(0.15)	(0.30)
Diluted earnings per share	21	(0.15)	(0.30)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	2024 \$	2023 \$
Current assets			
Cash and cash equivalent	5	10,805,188	8,051,445
Trade and other receivables	6	275,007	442,115
Inventory – livestock	7	389,411	333,831
Financial assets	8	264,532	5,592,011
Other assets		-	1,705
Total current assets		11,734,138	14,421,107
Non-current assets			
Prepayment	6	66,215	-
Financial assets	8	391,867	381,867
Deferred exploration and development expenditures	9	92,624,423	82,513,669
Intangible assets	10	1,846,992	415,663
Land and buildings	11	31,141,855	29,549,339
Property, plant and equipment	12	931,392	3,475,998
Total non-current assets		127,002,744	116,336,536
Total assets		138,736,882	130,757,643
Current liabilities			
Trade and other payables	13	873,865	827,081
Employee benefits provisions	14	252,666	431,656
Total current liabilities		1,126,531	1,258,737
Non-Current liabilities			
Lease liability	15	-	3,574,117
Total non-current liabilities		-	3,574,117
Total liabilities		1,126,531	4,832,854
Net assets		137,610,351	125,924,789
Equity			
Contributed equity	16	179,118,526	165,667,656
Reserves	16	3,274,209	2,821,907
Accumulated losses		(44,782,384)	(42,564,774)
Total Equity		137,610,351	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 YEAR ENDED 30 JUNE 2024

	Ordinary Shares \$ (Note 16)	Share capital reserve \$ (Note 16)	Share based payment reserve (Note 16)	Accumulated losses \$	Total \$
As at 1 July 2022	148,747,656	2,000,000	387,117	(38,453,773)	112,681,000
Loss for the period	-	-	-	(4,111,001)	(4,111,001)
Total comprehensive income	-	-	-	(4,111,001)	(4,111,001)
Equity funds received, issue of shares	18,000,000	-	-	-	18,000,000
Share base payments	-	-	434,790	-	434,790
Costs of funds raised	(1,080,000)	-	-	-	(1,080,000)
At 30 June 2023	165,667,656	2,000,000	821,907	(42,564,774)	125,924,789
As at 1 July 2023	165,667,656	2,000,000	821,907	(42,564,774)	125,924,789
Loss for the period	-	-	-	(2,217,610)	(2,217,610)
Total comprehensive income	-	-	-	(2,217,610)	(2,217,610)
Equity funds received, issue of shares	14,000,003	-	-	-	14,000,003
Share base payments	-	-	452,302	-	452,302
Costs of funds raised	(549,133)	-	-	-	(549,133)
At 30 June 2024	179,118,526	2,000,000	1,274,209	(44,782,384)	137,610,351

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 YEAR ENDED 30 JUNE 2024

	Notes	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers		322,710	267,194
Payments to suppliers & employees		(2,682,292)	(2,475,469)
Payments to farm operational expenses		(309,138)	(366,228)
Interest received		217,534	83,241
Grant received		150,000	-
Finance costs		(535)	-
Net cash outflows from operating activities	19	(2,301,721)	(2,491,262)
Cash flows from investing activities			
Payments for deferred exploration		(10,141,969)	(13,783,977)
Bank guarantee		(10,000)	-
Payment to acquire intangible		(3,062,079)	(290,455)
Payment for property, plant and equipment		(528,838)	(8,894,012)
Redemption/(Investment) on preference shares		5,327,479	(1,300,000)
Redemption of preference shares investment		-	1,000,000
Proceeds from sale of property, plant and equipment		20,000	909
Net cash outflows from investing activities		(8,395,407)	(23,267,535)
Cash flows from financing activities			
Proceeds from issues of shares		14,000,003	18,000,000
Payments for capital raising costs		(549,132)	(1,080,000)
Net cash inflows from financing activities		13,450,871	16,920,000
Net (decrease)/increase in cash and cash equivalent		2,753,743	(8,838,797)
Cash and cash equivalent at the beginning of the financial year		8,051,445	16,890,242
Cash and cash equivalent at the end of the financial year	5	10,805,188	8,051,445

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 YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES

a. Corporate Information

The consolidated financial statements of Silver Mines Limited (the Company or parent) and its subsidiaries (collectively, the Group) for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 30 September 2024.

Silver Mines Limited is company limited by shares incorporated in Australia and is a public resource company listed on the Australian Securities Exchange (ASX: SVL). The registered office is located at Level 28, 88 Philip Street, Sydney NSW 2000.

Silver Mines is engaged in pre-development works and ongoing mineral exploration at its flagship Bowdens Silver Project located near Mudgee in New South Wales.

The Groups' 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 maximising leverage to an accretive silver price.

b. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASB) and the requirements of Corporations Act 2001 and International Financial Reporting Standards (IFRS) 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.

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 presentation and functional currency.

All values are rounded to the nearest dollar except when otherwise indicated under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

c. Going Concern

The Directors believe that the going concern basis is appropriate for the preparation and presentation of the financial statements, notwithstanding continued operating

losses, negative operating cash flows, and no ongoing revenue streams, as the directors believe that the Group will raise sufficient cash and liquid assets.

The Group currently has sufficient cash reserves to support this Going Concern position and is confident of its ability to raise further funds, should this be required. The Group has a strong fund-raising track record. As announced on 18 July 2024, the Company signed a binding agreement for A\$30.2 million in funding through a convertible debenture agreement which provides capital to fund ongoing exploration and development activities. The agreement remains conditional upon fulfillment of certain conditions precedent as disclosed in Note 24.

d. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Silver Mines Limited as at 30 June 2024 and the results of its subsidiaries for the year then ended. Silver Mines Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'the Group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES (cont.)

e. New accounting standards and Interpretations

i. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards and interpretations effective as of 1 January 2023. The new standards and interpretations that were adopted by the Group had no impact.

ii. Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2024.

The applicable new standards or amendments are outlined below:

IFRS 17 Insurance Contracts

IFRS 17 *Insurance Contracts* is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 *Insurance Contracts*. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Tax

The amendments to IAS 12 *Income Taxes* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 Income Taxes

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than €750 million/year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES (cont.)

f. Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

g. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable;
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

h. Comparatives

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Consolidated Entity presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. The consolidated financial statements present reclassified comparative information where required for consistency with the current year's presentation.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities,

contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes, and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. The Group incurred exploration and development expenditure of \$10,110,754 during the 2024 Financial Year (2023: \$13,704,582). The carrying value of exploration and exploration assets is \$92,624,423 as at 30 June 2024. (2023: \$82,513,669).

In respect of impairment indicators, a high degree of management judgement is required. This judgment includes the Group's plan and ability to renew the tenements and continue the exploration activities, the Group's capacity to fund the exploration activities and the assessment on the impact of factors such as changes in the industry, geography of project, committed expenditure and tenement expiry date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 1: MATERIAL ACCOUNTING POLICIES (cont.)

Share-based payments

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Binomial or Black-Scholes for share options issued and Hoadley Parisian Barrier model for performance rights.

NOTE 2: OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into two 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 30 June 2024	Mining and Exploration Operations	Agricultural Operations	Total
	\$	\$	\$
Revenue	-	263,129	263,129
Rental income	-	60,797	60,797
Total segment revenue and other income	-	323,926	323,926
Inter-segment elimination			-
Total group revenue and other income			323,926
EBITDA	(2,342,565)	152,437	(2,190,128)
<i>Unallocated expense</i>			
Depreciation			(233,855)
Interest income			217,534
Finance costs			(11,161)
Loss before income tax expense			(2,217,610)
Income tax expense			-
Loss after income tax expense			(2,217,610)
Material items include:			
Fair value movement of financial assets at fair value through profit and loss	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 2: OPERATING SEGMENTS (cont.)

For the year ended 30 June 2023	Mining and Exploration Operations	Agricultural Operations	Total
	\$	\$	\$
Revenue	-	172,214	172,214
Government grants	-	94,981	94,981
Total segment revenue and other income	-	267,195	267,195
Inter-segment elimination			-
Total group revenue and other income			267,195
EBITDA	(3,648,314)	(339,875)	(3,988,189)
<i>Unallocated expense</i>			
Depreciation			(277,903)
Interest income			249,232
Finance costs			(94,141)
Profit before income tax			(4,111,001)
Income tax expense			-
Loss before income tax expense			(4,111,001)
Material items include:			
Fair value movement of financial assets at fair value through profit and loss	(705,860)	-	(705,860)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 2: OPERATING SEGMENTS (cont.)

(b) Segment assets

As at 30 June 2024	Mining and Exploration Operations \$	Agricultural Operations \$	Total \$
Segment assets	101,284,355	1,356,013	102,640,368
Inter-segment eliminations			(8,695,142)
			93,945,226
<i>Unallocated assets</i>			
Cash and cash equivalent			10,805,188
Receivables			275,007
Financial assets			391,867
Intangible assets			1,846,992
Investment in listed shares			263,500
Investment in unlisted options			1,032
Prepayment			66,215
Land and buildings			31,141,855
Total assets			138,736,882

As at 30 June 2023	Mining and Exploration Operations \$	Agricultural Operations \$	Total \$
Segment assets	90,789,225	1,316,458	92,105,683
Inter-segment eliminations			(8,666,235)
			83,439,448
<i>Unallocated assets</i>			
Cash and cash equivalent			8,051,445
Receivables			442,115
Other assets			1,705
Financial assets			5,709,346
Right of use assets			2,884,050
Intangible assets			415,663
Investment in listed shares			263,500
Investment in unlisted options			1,032
Land and buildings			29,549,339
Total assets			130,757,643

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 2: OPERATING SEGMENTS (cont.)

(c) Segment liabilities

As at 30 June 2024	Mining and Exploration Operations \$	Agricultural Operations \$	Total \$
Segment liabilities	1,770,615	7,798,392	9,569,007
Inter-segment eliminations			(8,695,142)
			873,865
<i>Unallocated liabilities</i>			
Employee benefits provisions			252,666
Lease liability			-
Total liabilities			1,126,531

As at 30 June 2023	Mining and Exploration Operations \$	Agricultural Operations \$	Total \$
Segment liabilities	1,730,438	7,762,878	9,493,316
Inter-segment eliminations			(8,666,235)
			827,081
<i>Unallocated liabilities</i>			
Employee benefits provisions			431,656
Lease liability			3,574,117
Total liabilities			4,832,854

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 3: REVENUE AND OTHER INCOME

	2024	2023
	\$	\$
Revenue		
Sales of Livestock	179,439	76,623
Sales of Wool	83,690	94,241
Others	-	1,350
	263,129	172,214
Other Income		
Grant	150,000	-
Gain on sales of property, plant and equipment (Note 12)	17,011	909
Other income (Note 12)	715,573	-
Rental income	60,797	94,981
	943,381	95,890

Revenue Recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer.

For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rent

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 4: INCOME TAX

(a) Reconciliation of income tax expense to prima facie tax payable

	2024	2023
	\$	\$
Operating loss before income tax	(2,217,610)	(4,111,001)
Prima facie income tax benefit/(expense) at 25% (2023: 25%) on operating profit/(loss)	(554,402)	(1,027,750)
Add tax effect of:		
Tax losses and temporary differences not recognised	554,402	1,027,750
Non temporary differences	-	-
Income tax attributable to operating (loss)/profit	-	-

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 4: INCOME TAX (cont.)

Silver Mines Limited (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Directors are of the view that it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised, the deferred tax asset is not recognised.

	2024	2023
	\$	\$
(b) Deferred tax assets and (liabilities) are attributable to the following:		
Exploration expenditure	(15,175,913)	(12,648,224)
Tax losses	15,175,913	12,648,224
	-	-
(c) Tax losses		
Unused tax losses for which no tax loss has been booked as a deferred tax asset adjusted for non-temporary differences	43,748,338	42,400,902
Potential tax benefit at 25% (2023: 25%)	10,937,084	10,600,226
Potential effect on future tax expense	10,937,084	10,600,226

The Group's ability to recover unrecognised tax losses depends on the Group's earnings as well as the Group meeting the Same Business Test or the Continuity of Ownership Test.

NOTE 5: CASH AND CASH EQUIVALENTS

	2024	2023
	\$	\$
Current		
Cash and cash equivalent	10,805,188	8,051,445

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 6: TRADE AND OTHER RECEIVABLES

	2024 \$	2023 \$
Current		
GST	101,675	215,619
Prepayment	93,332	157,979
Other receivables	80,000	68,517
	275,007	442,115
Non-Current		
Prepayment	66,215	-
	66,215	-

NOTE 7: INVENTORY – LIVESTOCK

	2024 \$	2023 \$
Current		
Livestock	389,411	333,831

Livestock is measured at fair value less cost to sell, with any change recognised in the income statement. Costs to sell include all costs that would be necessary to sell the assets, including freight and direct selling costs.

The fair value of livestock is based on its present location and condition. If an active or other effective market exists for livestock in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. Where the Group has access to different markets, then the most relevant market is used to determine fair value. The relevant market is defined as the market "that access is available to the entity" to be used at the time the fair value is established.

If an active market does not exist, then one of the following is used in determining fair value in the following order:

- the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period
- market prices, in markets accessible to us, for similar assets with adjustments to reflect differences
- sector benchmarks

In the event that market determined prices or values are not available for livestock in its present condition, the present value of the expected net cash flows from the asset discounted at a current market determined rate may be used in determining fair value.

At the end of each reporting period, the Group measures livestock at fair value. The fair value is determined through price movements, natural increase and natural death.

The net increments or decrements in the market value of livestock are recognised as either revenue or expense in the income statement, determined as:

- The difference between the total fair value of livestock recognised at the beginning of the financial year and the total fair value of livestock recognised as at the reporting date; less
- Costs expected to be incurred in realising the market value (including freight and selling costs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 8: FINANCIAL ASSETS

	2024	2023
	\$	\$
Current		
Financial assets at fair value through profit or 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 (Note 17(b))	-	5,327,479
Total	264,532	5,592,011
Non-current		
Performance guarantee bonds	391,867	381,867
Total	391,867	381,867

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The total interest revenue for financial assets that are measured at amortised cost was \$21,877 (FY2023 \$165,992).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 9: DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

	2024 \$	2023 \$
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 year	10,110,754	13,704,582
Closing balance	92,624,423	82,513,669

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors. In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used.

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 tested for impairment each year in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. 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.

As detailed in the Directors report, Bingman filed an appeal in the Court of Appeal ("**Appeal**"). A hearing was held on 22 July 2024. The Appeal challenged the decision by the Land and Environment Court and it was upheld in a 2-1 majority decision by the Court of Appeal. The Bowdens Development Consent has been declared void and of no effect.

The Company is working through the ramifications of the ruling and advises that it remains fully committed to the progression of the Project through to production.

Silver Mines does not consider the decision of the Court of Appeal an indicator of impairment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 10: INTANGIBLE ASSETS

	2024 \$	2023 \$
Non-current		
Opening balance	415,663	1,183,947
Additions	3,062,508	290,455
Utilisation	(1,631,179)	(1,058,739)
Closing balance	1,846,992	415,663

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 \$3,062,507 (June 2023: \$290,455) during the year.

NOTE 11: LAND AND BUILDINGS

	2024 \$	2023 \$
Non-current		
Properties at cost	32,055,912	30,371,164
Accumulated Depreciation	(914,057)	(821,825)
	31,141,855	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	-	-	53,569	53,569
Transfers from intangible assets	1,631,179	-	-	1,631,179
Balance at 30 June 2024	28,824,395	2,441,083	790,434	32,055,912

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 11: LAND AND BUILDINGS (cont.)

	Land \$	Buildings \$	Buildings improvements \$	Total \$
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	-	80,090	12,142	92,232
Balance at 30 June 2024	-	210,018	704,039	914,057
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 30 June 2024	28,824,395	2,231,065	86,395	31,141,855

There are no fully depreciated buildings still in use. All buildings currently in use have either been partially depreciated or have not reached full depreciation.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of buildings and building improvements (excluding land) over their expected useful lives as follows:

Buildings	40 years
Building improvements	4-8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Items of land and buildings are derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	2024	2023
	\$	\$
Plant and equipment - at cost	2,042,639	4,893,658
Less: accumulated depreciation	(1,111,247)	(1,417,660)
	931,392	3,475,998

Reconciliations

	Plant & Mining Equip-ment	Office & Camp Equip-ment	Road	Motor Vehicles	Other Assets - Farming	Right of use Assets	Computer Equip-ment	Total
	\$	\$	\$	\$	\$	\$	\$	\$

Cost or valuation

Balance at 1 July 2022	429,722	269,373	-	525,824	94,388	3,302,347	75,307	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	81,699	4,893,658
Reversals	-	-	-	-	-	(3,227,347) ¹	-	(3,227,347)
Disposal	-	-	-	(32,727)	-	-	-	(32,727)
Additions	13,299	14,234	100,938	264,065	13,495	-	3,024	409,055
Balance at 30 June 2024	443,021	307,722	100,938	900,370	130,865	75,000	84,723	2,042,639

¹ 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (cont.)

	Plant & Mining Equipment	Office & Camp Equipment	Road	Motor Vehicles	Other Assets - Farming	Right of use Assets	Computer Equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Depreciation and impairment								
Balance at 1 July 2022	315,777	269,373	-	200,841	32,831	286,203	71,712	1,176,737
Depreciation charge for the year	27,083	4,451	-	62,794	11,082	132,094	3,419	240,923
Balance at 30 June 2023	342,860	273,824	-	263,635	43,913	418,297	75,131	1,417,660
Depreciation charge for the year	20,054	7,058	-	55,016	10,782	12,500	6,474	111,884
Reversal of depreciation	-	-	-	-	-	(418,297)	-	(418,297)
Balance at 30 June 2024	362,914	280,882	-	318,651	54,695	12,500	81,605	1,111,247

Net book value

At 1 July 2022	113,945	-	-	324,983	61,557	3,016,144	3,595	3,520,224
At 30 June 2023	86,862	19,664	-	405,397	73,457	2,884,050	6,568	3,475,998
At 30 June 2024	80,107	26,840	100,938	581,719	76,170	62,500	3,118	931,392

The gross carrying amount of fully depreciated property, plant and equipment that is still in use \$57,993 related to motor vehicles, \$253,889 related to plant and equipment, \$269,373 related to office & camp equipment, \$21,737 related to other assets-farming and \$11,845 related to computer equipment.

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 assets, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (cont.)

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 \$715,000 has been recognised as other income in profit and loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant & Mining Equipment	4-20 years
Office & Camp Equipment	3-8 years
Motor Vehicles	6-8 years
Other Assets - Farming	5 years
Computer Equipment	2 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

NOTE 13: TRADE AND OTHER PAYABLES

	2024	2023
	\$	\$
Current		
Trade creditors and accruals	873,865	827,081

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 14: EMPLOYEE BENEFITS PROVISIONS

	2024	2023
	\$	\$
Current		
Employee benefits provisions	252,666	413,656

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 15: LEASE LIABILITY

	2024	2023
	\$	\$
Non-current		
Lease liabilities	-	3,574,117
Total	-	3,574,117

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 \$715,000 has been recognised as other income in profit and loss.

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

	2024	2023
	\$	\$
Interest expenses	-	88,155
Depreciation expenses	12,500	132,094
	12,500	220,249

NOTE 16: CAPITAL AND RESERVES

(a) Ordinary shares issued and fully paid

Date	Details	Number of shares	Issue price	\$
01-July-22		1,291,832,143		148,747,656
Feb-23	Capital raising	112,500,000	0.160	18,000,000
Feb-23	Capital raising fee	-	-	(1,080,000)
30-Jun-23		1,404,332,143		165,667,656
Feb-24	Capital raising	59,259,260	0.135	8,000,000
Mar-24	Capital raising	44,444,854	0.135	6,000,002
Mar-24	Capital raising fee	-	-	(549,132)
30-Jun-24		1,508,036,257		179,118,526

(b) Issued and paid-up capital

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of fully paid ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 16: CAPITAL AND RESERVES (cont.)

(c) Share options

At 30 June 2024 details of Listed and Unlisted Options are as follows:

Details	Number	Exercise price	Expiry date
Unlisted options	9,000,000	\$0.30	21-Dec-2024
Unlisted options	5,000,000	\$0.20	3 years from milestone achievement
Unlisted options	2,500,000	\$0.30	1-Mar-2026
Unlisted options	2,500,000	\$0.50	1-Mar-2028
Total	19,000,000		

	2024 Number	2023 Number
Movements in options		
Balance at the beginning of the financial year	19,000,000	14,000,000
Options lapsed	-	-
Options exercised	-	-
Options issued	-	5,000,000
Balance at the end of the financial year	19,000,000	19,000,000

2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
21-Dec-17	3 years from milestone achievement ¹	\$0.20	5,000,000	-	-	-	5,000,000
12-Dec-21	21-Dec-24	\$0.30	9,000,000	-	-	-	9,000,000
01-Mar-23	01-Mar-26	\$0.30	2,500,000	-	-	-	2,500,000
01-Mar-23	01-Mar-28	\$0.50	2,500,000	-	-	-	2,500,000
			19,000,000	-	-	-	19,000,000
Weighted average exercise price			0.300	-	-	-	0.300

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 16: CAPITAL AND RESERVES (cont.)

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Lapsed	Balance at the end of the year
21-Dec-17	3 years from milestone achievement ¹	\$0.20	5,000,000	-	-	-	5,000,000
12-Dec-21	21-Dec-24	\$0.30	9,000,000	-	-	-	9,000,000
01-Mar-23	01-Mar-26	\$0.30	-	2,500,000	-	-	2,500,000
01-Mar-23	01-Mar-28	\$0.50	-	2,500,000	-	-	2,500,000
			14,000,000	5,000,000	-	-	19,000,000
Weighted average exercise price			0.264	0.400	-	-	0.300

1. Expiry which is three years from the date of achievement of Project Financing, which must achieve a minimum of \$150 million (Financing Milestone). This was set out in the Company's Notice of Annual General Meeting dated 30 October 2017.

The weighted average share price during the financial year was \$0.16 (2023: \$0.19).

The weighted average remaining contractual life of the options, except for the 5,000,000 options' expiry date is 3 years from the achievement of milestone, outstanding at the end of the financial year was 1.67 years (2023: 2.67 years).

(d) Reserves

In June 2016, the Company completed the acquisition of Silver Investment Holdings Australia Ltd (SIHA) and Bowdens Silver Pty Ltd. As part of the consideration for the purchase of SIHA, 40,000,000 ordinary shares in the capital of the Group are to be issued as a deferred consideration.

In May 2016, the Company entered into a share sale and purchase deed ("Deed") which effectuated the purchase of the Bowdens Silver Project ("Project") pursuant to which 40,000,000 fully paid ordinary shares in the Company was to be issued as deferred consideration ("Deferred Consideration Shares"). The Company issued 20,000,000 of the Deferred Consideration Shares to non-related and related parties (following shareholder approval) of the Company after Silver Mines lodged its Environmental Impact Statement and Development Application (announced 25 May 2020).

A further 20,000,000 of the Deferred Consideration Shares ("Remaining Deferred Consideration") will be issued to non-related and related parties of the Company upon lodgment of a mining lease granted in respect of the Project in accordance with a waiver granted by the ASX on 23 September 2022 and approved by shareholders of Silver Mines at the Annual General Meeting of the Company on 9 November 2022. The Remaining Deferred Consideration is valued at \$2,000,000.

	2024	2023
	\$	\$
Movements in reserves		
Balance at the beginning of the financial year	2,821,907	2,387,117
Share based payment reserve movement	248,425	434,790
Performance rights movement	203,877	-
Balance at the end of the financial year	3,274,209	2,821,907

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 16: CAPITAL AND RESERVES (cont.)

(e) Capital risk management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

The Group's objectives when managing capital is to safeguard the ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

(f) Share based payments

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board of Directors, grant options over ordinary shares in the company to certain key management personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board of Directors.

For the options granted during the year ended 30 June 2022, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant Date	Expiry Date	Number of options	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date
21/12/2021	21/12/2024	9,000,000	\$0.205	\$0.30	77.44%	0.15%	\$0.082

For the options granted during the year ended 30 June 2023, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant Date	Expiry Date	Number of options	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date
01/03/2023	01/03/2026	2,500,000	\$0.18	\$0.30	125.55%	3.81%	\$0.112
01/03/2023	01/03/2026	2,500,000	\$0.18	\$0.30	179.63%	3.78%	\$0.165

For the performance rights granted during the year ended 30 June 2024, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant Date	Expiry Date	Number of performance rights	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date
01/01/2024	31/12/2026	4,000,000	\$0.16	Nil	84.40%	3.80%	\$0.12
01/01/2024	31/12/2026	4,000,000	\$0.16	Nil	84.40%	3.80%	\$0.11
01/01/2024	31/12/2026	4,000,000	\$0.16	Nil	84.40%	3.80%	\$0.10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 17: RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

The names and positions held of Group key personnel are:

Key Management Personnel	Position
Keith Perrett	Non-Executive Chairman
Anthony McClure	Managing Director (resigned 31 December 2023)
Kristen Podagiel	Non-Executive Director
Jonathan Battershill	Managing Director (appointed 01 January 2024, previously Non-Executive Director)
Robert Dennis	Non-Executive Director (appointed 01 July 2024)

Trent Franklin, the Company Secretary of the Company was no longer considered key management personnel from November 2022, as from that point in time Mr Franklin's roles and responsibilities were amended such that he did not have control over financial, operational or human resources within the Group and does not direct or manage resources.

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2024	2023
	\$	\$
Short-term employee benefits	975,210	1,083,162
Post-employment benefits	49,797	42,955
Share based payment	203,877	29,388
	1,228,884	1,155,505

(b) Related party transactions

During the Financial Year, the Company had employed a family member of a key management person with a total remuneration package of \$70,650 (2023: \$145,659). This family member is no longer employed with the Group.

(c) Consolidated Entities

The Group operates in the exploration industry in Australia only. The Group has the following wholly owned subsidiaries whose transactions have been consolidated into the Group accounts:

Entity name	Entity type	Country of incorporation	Percentage of capital held	Country of tax residence
Silver Investment Holdings Australia Pty Ltd	Body Corporate	Australia	100%	Australia
Bowdens Silver Pty Ltd	Body Corporate	Australia	100%	Australia
Tuena Resources Pty Ltd	Body Corporate	Australia	100%	Australia
Bowdens Agriculture Pty Ltd	Body Corporate	Australia	100%	Australia
Asia Metals Holdings 3 Pty Ltd	Body Corporate	Australia	100%	Australia

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 18: PARENT ENTITY INFORMATION

	Parent	
	2024	2023
	\$	\$
Statement of profit or loss and other comprehensive income		
Profit / (loss) after income tax	(2,516,312)	(2,879,687)
Total comprehensive income/(loss)	(2,516,312)	(2,879,687)
Statement of financial position		
Total current assets	10,653,094	13,285,846
Total assets	144,173,658	132,999,875
Total current liabilities	355,338	568,416
Total liabilities	355,338	568,416
Equity		
Issued capital	179,322,404	165,667,656
Reserves	3,070,333	2,821,907
Accumulated losses	(38,574,416)	(36,058,104)
Total equity	143,818,320	132,431,459

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

There are no such guarantees arrangements during the years ended 30 June 2024 and 30 June 2023.

Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, Silver Mines Limited, Silver Investment Holdings Pty Limited and Bowdens Silver Pty Ltd have entered into a deed of cross guarantee on 23 April 2024. The effect of the deed is that Silver Mines Limited has guaranteed to pay any deficiency in the event of winding up of any controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Silver Mines Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 19: RECONCILIATION OF OPERATING PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2024	2023
	\$	\$
Operating profit/(loss) after income tax	(2,217,610)	(4,111,001)
Depreciation	233,855	277,903
Fair value measurement of livestock	(233,207)	295,499
Borrowing cost amortisation	1,812	3,111
Interest expense on AASB 16 lease accounting	-	88,155
Gain on sales of non-current assets	(17,011)	(909)
Fair value movement of financial assets at fair value through profit and loss	-	705,860
Reverse previous year depreciation and interest expense	(690,066)	-
Transfer initial payment sitting in prepayment to ROU Asset and reverse the depreciation on record of share issued	(25,000)	-
Share based payment	452,302	434,791
	(2,494,925)	(2,306,591)
<i>Movements in working capital:</i>		
(Increase)/decrease in receivables and prepayments	107,751	52,086
(Increase)/decrease in inventory	(54,336)	(231,963)
Increase/(decrease) in payables and provision	133,772	(46,599)
(Increase)/decrease in employee provisions	6,017	41,805
Net cash outflows from operating activities	(2,301,721)	(2,491,262)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 20: FINANCIAL INSTRUMENT DISCLOSURES

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates and other price risks and aging analysis for credit risk.

Risk management is carried out by the Company Secretary under policies approved by the Board of Silver Mines Limited.

The Company Secretary identifies and evaluates the risks in close cooperation with the Group's management and Board.

(a) Market risk

(i) Foreign exchange risk

The Group does not have any significant exposure to foreign exchange risk.

(ii) Price risk

The Group in the current year did not have any significant exposure to commodity price risk. The Group will have exposure to silver price risk if and when mining operations begin. Directors have not made any determination at this stage as to whether they will consider commodity price hedge arrangements.

The Group's investment in listed shares and unlisted options that listed on the ASX are exposed to price risk. The sensitivity analysis of the Group's exposure to price risk is as follows:

	Average price increase			Average price decrease		
	% Change	Effect on profit	Effect on net assets	% Change	Effect on profit	Effect on net assets
Consolidated - 2024						
Financial assets at fair value through profit or loss						
- Investment in listed shares	10%	26,350	26,350	8%	(21,080)	(21,080)
- Investment in unlisted options	10%	103	103	8%	(83)	(83)

(iii) Cash flow and fair value interest rate risk

The Group has exposure to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and the financial liabilities.

The Group's policy is to ensure that the best interest rate is received for the short-term deposits. The Group uses a number of banking institutions, with a mixture of fixed and variable interest rates. Interest rates are reviewed prior to deposits maturing and the fund is re-invested at the best rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 20: FINANCIAL INSTRUMENT DISCLOSURES (cont.)

(iii) Cash flow and fair value interest rate risk (continued)

	Floating interest rate	Fixed interest rate maturing		Non-interest bearing	Total
		Within 1 year	Over 1 year		
	\$	\$	\$	\$	\$
2024					
FINANCIAL ASSETS					
Cash assets	10,805,188	-	-	-	10,805,188
Performance guarantee bonds	-	-	-	391,867	391,867
Financial assets at fair value through Profit and Loss	-	-	-	264,532	264,532
Financial assets measured at amortised cost	-	-	-	-	-
Other financial assets	-	-	-	181,675	181,675
	10,805,188	-	-	838,074	11,643,262
FINANCIAL LIABILITIES					
Payables (current)	-	-	-	(873,865)	(873,865)
Lease liabilities	-	-	-	-	-
	-	-	-	(873,865)	(873,865)
NET FINANCIAL ASSETS/ (LIABILITIES)	10,805,188	-	-	(35,791)	10,769,397

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 20: FINANCIAL INSTRUMENT DISCLOSURES (cont.)

	Floating interest rate	Fixed interest rate maturing		Non-interest bearing	Total
		Within 1 year	Over 1 year		
	\$	\$	\$	\$	\$
2023					
FINANCIAL ASSETS					
Cash assets	8,051,445	-	-	-	8,051,445
Performance guarantee bonds	-	-	-	381,867	381,867
Financial assets at fair value through Profit and Loss	-	-	-	264,532	264,532
Financial assets measured at amortised cost	-	5,327,479	-	-	5,327,479
Other financial assets	-	-	-	442,115	442,115
	8,051,445	5,327,479	-	1,088,514	14,467,438
FINANCIAL LIABILITIES					
Payables (current)	-	-	-	(827,081)	(827,081)
Lease liabilities	-	-	(3,574,117)	-	(3,574,117)
	-	-	(3,574,117)	(827,081)	(4,401,198)
NET FINANCIAL ASSETS/ (LIABILITIES)	8,051,445	5,327,479	(3,574,117)	261,433	10,066,240

(b) Credit risk

The Company is exposed to credit risk from its financial assets, which include cash and cash equivalents held with financial institutions. The company's risk management policy involves placing these assets with institutions that are deemed to have high creditworthiness to mitigate the risk of financial loss. The company regularly assesses the credit risk associated with its financial assets and takes appropriate measures to manage this risk, including monitoring the credit standing of the financial institutions where its funds are held.

While the company diversifies its cash holdings across various financial institutions, there are balances maintained to meet operational liquidity requirements. These balances are managed in accordance with the Company's treasury policy, which aims to minimise credit risk while ensuring sufficient liquidity for the Company's operations.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate amount of capital rising and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows matching maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets.

The Group at trading date had deposits which mature within three months and cash at bank. Due to the cash available to the Group there is no use of any credit facilities at balance date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 20: FINANCIAL INSTRUMENT DISCLOSURES (cont.)

(d) Fair values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The net fair values of the financial assets and financial liabilities approximate their carrying values.

Except for the investment in listed shares, no other financial assets and financial liabilities are readily traded on organised markets.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statements of financial position and in the notes to the financial statements.

(e) Sensitivity analysis

The Group has not performed a sensitivity analysis on interest rate risk and price risk and its impact on current year results and equity which could result from a change in this risk as the likely impact is insignificant given the minimal revenue generated from sales during the year, and minimal balances with interest.

(f) Fair value hierarchy

The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Consolidated - 2024				
Assets				
Financial assets at fair value through profit or loss				
- Investment in listed shares	263,500	-	-	263,500
- Investment in unlisted options	-	1,032	-	1,032
Total assets	263,500	1,032	-	264,532
Consolidated - 2023				
Assets				
Financial assets at fair value through profit or loss				
- Investment in listed shares	263,500	-	-	263,500
- Investment in unlisted options	-	1,032	-	1,032
Total assets	263,500	1,032	-	264,532

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 21: EARNING PER SHARE

	30-Jun-24	30-Jun-23
	Cents	Cents
Basic earnings per share	(0.15)	(0.30)
Diluted earnings per share	(0.15)	(0.30)
	Number	Number
Basic earnings per share		
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating basic and diluted earnings per share and alternative diluted earnings per share	1,440,843,094	1,335,599,266

Diluted earnings per share		
Weighted average number of shares used as the denominator	1,440,843,094	1,335,599,266
Weighted average number of shares used in calculating basic earnings per share		
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	-
Contingent issuable shares	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,440,843,094	1,335,599,266

The potential ordinary shares are anti-dilutive as the conversion of them to ordinary shares would decrease the loss per share. Therefore, they are not included in the calculation of diluted earnings per share. 19,000,000 options and 12,000,000 performance rights are deemed to be anti-dilutive.

	2024	2023
	\$	\$
Reconciliation of earnings used in calculating basic and diluted earnings per share		
Earnings used in calculating basic and diluted earnings per share	(2,217,610)	(4,111,001)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 22: REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Ernst & Young Sydney, the auditor of the company:

	2024	2023
	\$	\$
<i>Audit services - Ernst & Young Sydney¹</i>		
Audit or review of the financial statements	84,000	66,500

1. Ernst & Young was not the auditor for PY comparative.

NOTE 23: COMMITMENTS

	2024	2023
	\$	\$
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Intangible assets		
Option Purchase	5,275,000	6,350,000
Land Purchase	576,000	-
	5,851,000	6,350,000
Proposed expenditure on tenements for a year	3,571,500	3,985,000
Proposed expenditure on native title	250,000	350,000
	3,821,500	4,335,000

Capital 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 paid, which are recognised as intangible assets in note 10, 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	5,656,000	195,000	-		5,851,000	5,851,000

Proposed 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

Convertible Debentures

Subsequent to the 2024 Financial Year, the Company announced it had entered into a binding interim convertible debenture ("**Convertible Debentures**") agreement ("**Interim Debenture Agreement**") with Bromma Asset Management Inc. a specialised investment firm led by Harry Lundin, Rick Rule and MMCAP International Inc. SPC (each, a "**Holder**"), securing A\$30.2 million in funding (before costs).

In connection with the transaction, Silver Mines has appointed SCP Resource Finance as its adviser.

After costs, the funds raised under the Convertible Debentures will be used predominantly for the following:

- drilling;
- engineering studies for the Definitive Feasibility Study;
- pre-construction activities; and
- general & administrative costs for the Bowdens Silver Project.

The material terms of the Interim Debenture Agreement are as follows:

Principal Sum	The Company will raise a maximum of A\$30,200,000 (Principal Sum).
Face Value	30,200 Convertible Debentures each with a face value of A\$1,000.00.
Original Issue Discount	2%
Conversion	The Holders shall have the right (but not the obligation) at any time prior to redemption or the Maturity Date to convert all or any part of the Principal Sum into fully paid ordinary shares in the capital of the Company (Shares) at a conversion price of A\$0.22 per Share (Conversion Shares).
Conversion Price	A\$0.22 per Share (Conversion Price). The Conversion Price is a 33% premium to the Company's last trading price of \$0.165.
Mandatory Conversion	Provided that the Shares issuable upon the conversion of the Convertible Debentures are free trading and not subject to any restrictions on resale, the Company may elect to convert of all of the Principal Sum of the then outstanding Convertible Debentures at the Conversion Price prior to the Maturity Date, if the price of Shares on ASX is greater than A\$0.375 for any 15 consecutive trading days during any period of 30 consecutive trading days, subject to a minimum trading volume of 4,000,000 average Shares over the measurement period.
Additional Debt	Prior to the Maturity Date, the Company shall not issue any additional debt without the prior approval of the Holders (Negative Pledge), until project financing is committed, thereafter; (i) at the option of the Holders, the Negative Pledge will be terminated; or (ii) at the option of the Company, the outstanding Convertible Debentures owing to the Holders can be either redeemed at 102% of the Principal Sum thereof plus unpaid interest to the Maturity Date, payable in cash (upon which the Negative Pledge will terminate automatically).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE (cont.)

Maturity	<p>The Convertible Debentures will mature after 48 months from the Issue Date (Maturity Date).</p> <p>On the Maturity Date, the Company must repay the outstanding balance of the Principal Sum (plus any interest accrued thereon) to the Holders:</p> <ul style="list-style-type: none">(a) in cash; or(b) with the mutual consent of both the Company and the Holders, and to the extent required under Listing Rule 7.1, shareholder approval, in Shares with the price per Share based on a 10% discount to the volume weighted average price (VWAP) of the Shares on the Exchange (as defined below) for 10 trading days preceding the Maturity Date, subject to a minimum daily trading volume of 4,000,000 Shares; or(c) with the mutual consent of both the Company and the Holders a combination of both (a) and (b).
Interest	<p>Interest will accrue on the Convertible Debentures at the rate of 10% per annum, payable quarterly in arrears in each year until the Maturity Date, as follows:</p> <ul style="list-style-type: none">(a) (Initial Period): during a period commencing the date of issue (the Issue Date) and ending on the second quarterly interest payment date, in cash;(b) (Second Period): for a further period of 30 months from the Issue Date, at the option of the Company, by either:<ul style="list-style-type: none">(i) the issue of 1/3 the equivalent value of the interest in Shares (Interest Shares), at a price per Interest Share equal to a 10% discount to the volume weighted average trading price (the VWAP) of the Shares on the ASX for the 10 trading days preceding the applicable interest payment date, provided that the Interest Shares are free trading and listed and not subject to any restrictions on resale; and(ii) the payment of 2/3 the value of the interest in cash; or(iii) the payment of the entire value of interest in cash;(c) (Third Period): after the expiry of the Second Period, in cash.
Conditions Precedent	<p>The issue of the Convertible Debentures will be subject to the following conditions precedent:</p> <ul style="list-style-type: none">(a) (Definitive Agreements): the entry into fuller form binding documentation in respect of the Convertible Debentures; and(b) (FIRB Approval): the Holders obtaining:<ul style="list-style-type: none">(i) a written notice, by or on behalf of the Treasurer of the Commonwealth of Australia, stating that the Commonwealth Government does not object to the issue of the Convertible Debentures (and any document executed in connection with the Convertible Debentures) under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (FATA); or(ii) professional advice from its legal advisers that the issue of the Convertible Debentures does not require approval under FATA and the Holders provides a copy of that advice to the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE (cont.)

Security and ranking	<p>The Convertible Debentures will be senior secured obligations of the Company, and shall rank senior in right of payment of principal and interest to all other previously existing or hereafter issued indebtedness of the Company.</p> <p>The Convertible Debentures will be secured by a general security interest over the assets of the Company. The Company will enter into a general security agreement under which the Company will have negative covenants not to pledge, sell, lease or otherwise dispose of its assets, other than in the normal course or as permitted pursuant to the Definitive Agreements, without the Holders' prior written consent.</p> <p>The Convertible Debentures shall have the benefit of a guarantee of the subsidiaries of the Company of all indebtedness and liabilities of the Company to the Holders under the Convertible Debentures.</p>
Unquoted	<p>The Convertible Debentures will be unquoted. The Company will apply for quotation of all Shares issued pursuant to the Interim Debenture Agreement.</p>
Redemption on Change of Control	<p>In the event of a Change of Control of the Company, the Holders shall have the right to require the Company to either:</p> <ul style="list-style-type: none"> (a) purchase the Convertible Debentures at 105% of the Principal Sum thereof plus unpaid interest to the Maturity Date; or (b) if: <ul style="list-style-type: none"> (i) the Change of Control results in a new or successor issuer (or equivalent in any foreign jurisdiction); or (ii) the Company is acquired by a reporting issuer or its equivalent in any foreign jurisdiction, convert the Debenture into a replacement debenture of the new or successor issuer or the acquiring reporting issuer, as applicable, in the aggregate principal amount of 105% of the aggregate Principal Sum of the Convertible Debentures; or (c) convert the Convertible Debentures at the Conversion Price. <p>Change of Control means:</p> <ul style="list-style-type: none"> (a) any transaction (whether by purchase, merge or otherwise) whereby a person or persons acting jointly or in concert directly or indirectly acquire(s) the right to cast, at a general meeting of shareholders of the Company more than 50% of the votes that may be ordinarily cast at a general meeting; (b) the Company's amalgamation, consolidation or merger with or into any other person, any merger of another person into the Company unless the holders of voting securities of the Company immediately prior to such amalgamation, consolidation or merger hold securities representing 50% or more of the voting control or direction in the Company or the successor entity upon completion of the amalgamation, consolidation or merger; or (c) any conveyance, transfer, sale lease or other disposition of all or substantially all of the Company's and its subsidiaries' assets and properties, taken as a whole, to another arm's length person.
Covenants	<p>In addition to customary positive and negative covenants contained in the Convertible Debentures, the Company will be required to maintain a minimum positive working capital of not less than A\$3,000,000.</p>
Events of Default	<p>The Definitive Agreements will contain certain market standard events of default for an agreement of this nature.</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE (cont.)

An Original Issue Discount of 2% will be deducted from the Principal Sum as agreed with the Holders. The Company will also pay SCP Resource Finance a fee of USD\$200,000.

The Company will keep the market updated as the transaction progresses.

Appeal Proceedings

As detailed further earlier in this report, Bingman filed an appeal in the Court of Appeal ("**Appeal**"). A hearing was held on 22 July 2024. The Appeal challenged the decision by the Land and Environment Court and it was upheld in a 2-1 majority decision by the Court of Appeal. The Bowdens Development Consent has been declared void and of no effect.

The Company is working through the ramifications of the ruling and advises that it remains fully committed to the progression of the Project through to production.

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.

NOTE 25: COMPANY DETAILS

The registered office and principal place of business of the Group is:

Silver Mines Limited
Level 28
88 Phillip Street,
Sydney NSW 2000
Australia

Tel: +61 2 8316 3997
Fax: +61 2 8316 3999

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

Entity name	Entity type	Country of incorporation	Country of tax residence	2024 Percentage of capital held	2023 Percentage of capital held
Silver Investment Holdings Australia Pty Ltd	Body Corporate	Australia	Australia	100%	100%
Bowdens Silver Pty Ltd	Body Corporate	Australia	Australia	100%	100%
Tuena Resources Pty Ltd	Body Corporate	Australia	Australia	100%	100%
Bowdens Agriculture Pty Ltd	Body Corporate	Australia	Australia	100%	100%
Asia Metals Holdings 3 Pty Ltd	Body Corporate	Australia	Australia	100%	100%

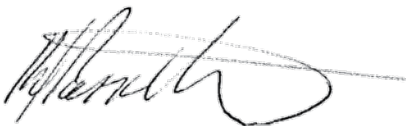
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Silver Mines Limited, we state that:

1. in the opinion of the directors:

- (a) The financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1.b;
- (c) the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct;
- (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (e) as at the date of this declaration, there are reasonable grounds to believe that the Company and the subsidiaries identified in Note 18 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries.

2. This declaration has been made after receiving the declarations required to be made to the directors by the managing director and Company secretary (who serve as the chief executive officer and chief financial officer functions respectively) in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2024.



Keith Perrett
Chairman



Jonathan Battershill
Managing Director

30 September 2024

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Silver Mines Limited (the Company and its subsidiaries) (collectively "the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Capitalization and recoverability of Deferred Exploration and Development Expenditures

Why significant	How our audit addressed the key audit matter
<p>As at 30 June 2024, the Group's deferred exploration and development expenditures of \$92.6m represent 67% of the total assets of the Group as disclosed in Note 9.</p> <p>Exploration assets are initially recognised at cost and any additional expenditure is capitalised to the exploration asset in accordance with the Group's accounting policy as disclosed in Note 9.</p> <p>At each reporting date the Directors assess the Group's exploration assets for indicators of impairment. The decision as to whether there are indicators that require the Group's exploration assets to be assessed for impairment in accordance with the requirements of Australian Accounting Standards involved judgment, including whether, the rights to tenure for the areas of interest are current, the Group's ability and intention to continue to evaluate and develop the area of interest and whether the results of the Group's exploration and evaluation work to date are sufficiently progressed for a decision to be made as to the commercial viability or otherwise of the area of interest.</p> <p>We considered this to be a key audit matter due to the value of the exploration assets relative to total assets and the significant judgments involved in the assessment of indicators of impairment.</p>	<p>Our audit procedures to address the Group's capitalisation and assessment of impairment indicators for exploration assets included:</p> <ul style="list-style-type: none"> ▶ Understanding the entity's internal controls and accounting policies to ensure they align with the requirements of Australian Accounting Standards (AASB) 6 for capitalising exploration costs. ▶ Evaluated the Group's right to explore in the relevant exploration area, which included obtaining and assessing supporting documentation such as license agreements. ▶ Evaluated the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group. ▶ Inspected a sample of capitalised costs for the financial period to supporting documentation and assessing whether these costs meet the requirements of Australian Accounting Standards and the Group's accounting policy. ▶ Reviewed the allocation methods for indirect costs and ensure consistent application across different exploration projects. ▶ Assessed the entity's procedures for detecting indicators of impairment, which involves engaging in discussions with management and reviewing both internal and external sources, to ensure compliance with AASB 6. ▶ Assessed the adequacy of the related disclosures included in the Notes to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- ▶ The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ▶ The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

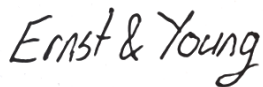
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 37 of the directors' report for the year ended 30 June 2024.

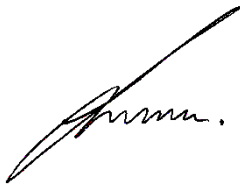
In our opinion, the Remuneration Report of Silver Mines Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



James Johnson
Partner
Sydney
30 September 2024

ADDITIONAL SECURITIES EXCHANGE INFORMATION

At 16 September 2024 the issued capital in the Company was comprised of:

- 1,508,036,257 fully paid ordinary shares held by 12,461 holders;
- 9,000,000 unlisted options held by 26 holders, with an exercise price of \$0.30 and an expiry date 21 December 2024;
- 5,000,000 unlisted options held by one holder, with an exercise price of \$0.20 and an expiry date which is three years from the date of achievement of certain milestones, set out in the Company's Notice of Annual General Meeting dated 31 October 2017.
- 2,500,000 unlisted options held by 1 holder, with an exercise price of \$0.30 and an expiry date 01 March 2026; and
- 2,500,000 unlisted options held by 1 holder, with an exercise price of \$0.50 and an expiry date 01 March 2028;
- 4,000,000 performance rights held by one holder, which vest upon the Company's Shares achieving a 10 day VWAP of \$0.30 at any time prior to 31 December 2026;
- 4,000,000 performance rights held by one holder, which vest upon the Company's Shares achieving a 10 day VWAP of \$0.40 at any time prior to 31 December 2026, provided commencement of mine construction has occurred; and
- 4,000,000 performance rights held by one holder, which vest upon the Company's Shares achieving a 10 day VWAP of \$0.50 at any time prior to 31 December 2026, provided commencement of mine commissioning has occurred.

Each fully paid ordinary share in the Company entitles the holder to one vote at a meeting of shareholders when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. Options do not carry voting rights.

At 16 September 2024, the Company has 3,309 shareholders whose holdings are less than a marketable parcel of shares (total value of A\$500, assuming a share price of \$0.092).

There is no on-market buy back currently being undertaken.

There are currently no listed options on issue.

Substantial shareholders at 16 September 2024

Silver Mines Limited has the following substantial shareholders:

Holder	Shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	206,647,058	13.70%

ADDITIONAL SECURITIES EXCHANGE INFORMATION

20 Largest Holders of Ordinary Shares and their holdings at 16 September 2024

Position	Holder Name	Holding	% IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	206,647,058	13.70%
2	CITICORP NOMINEES PTY LIMITED	52,716,341	3.50%
3	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	28,389,544	1.88%
4	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	26,430,327	1.75%
5	BNP PARIBAS NOMS PTY LTD	25,822,496	1.71%
6	PROV1322 GLOBAL PTY LTD <TEAM HARDER FAMILY A/C>	12,850,000	0.85%
7	MCCLURE FAMILY SUPERANNUATION PTY LTD <MCCLURE FAMILY S/F A/C>	10,000,001	0.66%
8	MR ANTHONY MCCLURE	9,500,000	0.63%
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	9,081,875	0.60%
10	SANDHURST TRUSTEES LTD <COLLINS ST VALUE FUND A/C>	9,076,666	0.60%
11	ALDON FINANCE PTY LTD <GREG RANSOM SUPER FUND A/C>	8,500,000	0.56%
12	COOLHAND NOMINEES PTY LIMITED <COOLHAND INVESTMENT A/C>	7,266,667	0.48%
13	MURANA PTY LTD <MURANA INVESTMENT A/C>	6,633,201	0.44%
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,340,509	0.42%
15	MR PHILLIP RICHARD PERRY	5,922,001	0.39%
16	MRS GEORGINA SUSAN KING	5,354,688	0.36%
17	MR JINHUA GUAN	5,089,100	0.34%
18	BLOOMVALE INVESTMENTS PTY LTD <BLOOMVALE FAMILY A/C>	5,001,334	0.33%
19	MIEI RAGAZZI PTY LTD <UGUCCIONI S/F A/C>	4,950,000	0.33%
20	MR GREGORY DONALD RANSOM <GREGORY RANSOM A/C>	4,900,000	0.32%
Total issued capital -		1,508,036,257	100.00%

Distribution of shareholders and option holdings at 16 September 2024

Fully paid ordinary shares:

Holdings Ranges	Holders	Total Units	%
1-1,000	319	64,875	0.00%
1,001-5,000	2,548	8,451,138	0.56%
5,001-10,000	2,007	15,960,905	1.06%
10,001-100,000	5,539	215,230,289	14.27%
100,001-9,999,999,999	2,048	1,268,329,050	84.10%
Totals	12,461	1,508,036,257	100.00%

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Unlisted options, exercise price \$0.30 expiry 21 December 2024:

Holdings Ranges	Holders	Total Units	%
1-1,000	-	-	-
1,001-5,000	-	-	-
5,001-10,000	-	-	-
10,001-100,000	2	150,000	1.67%
100,001-9,999,999,999	24	8,850,000	98.33%
Totals	26	9,000,000	100.00%

Unlisted options, exercise price of \$0.20, expiry 3 years and an expiry date which is three years from the date of achievement of certain milestones, set out in the Company's Notice of Annual General Meeting dated 31 October 2017:

Holdings Ranges	Holders	Total Units	%
1-1,000	-	-	-
1,001-5,000	-	-	-
5,001-10,000	-	-	-
10,001-100,000	-	-	-
100,001-9,999,999,999	1	5,000,000	100.00%
Totals	1	5,000,000	100.00%

Unlisted options, exercise price \$0.30 expiry 01 March 2026:

Holdings Ranges	Holders	Total Units	%
1-1,000	-	-	-
1,001-5,000	-	-	-
5,001-10,000	-	-	-
10,001-100,000	-	-	-
100,001-9,999,999,999	1	2,500,000	100.00%
Totals	1	2,500,000	100.00%

Unlisted options, exercise price \$0.50 expiry 01 March 2028:

Holdings Ranges	Holders	Total Units	%
1-1,000	-	-	-
1,001-5,000	-	-	-
5,001-10,000	-	-	-
10,001-100,000	-	-	-
100,001-9,999,999,999	1	2,500,000	100.00%
Totals	1	2,500,000	100.00%

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Performance rights which vest upon the Company's Shares achieving a 10 day VWAP of \$0.30 at any time prior to 31 December 2026

Holdings Ranges	Holders	Total Units	%
1-1,000	-	-	-
1,001-5,000	-	-	-
5,001-10,000	-	-	-
10,001-100,000	-	-	-
100,001-9,999,999,999	1	4,000,000	100.00%
Totals	1	4,000,000	100.00%

Performance rights which vest upon the Company's Shares achieving a 10 day VWAP of \$0.40 at any time prior to 31 December 2026

Holdings Ranges	Holders	Total Units	%
1-1,000	-	-	-
1,001-5,000	-	-	-
5,001-10,000	-	-	-
10,001-100,000	-	-	-
100,001-9,999,999,999	1	4,000,000	100.00%
Totals	1	4,000,000	100.00%

Performance rights which vest upon the Company's Shares achieving a 10 day VWAP of \$0.50 at any time prior to 31 December 2026

Holdings Ranges	Holders	Total Units	%
1-1,000	-	-	-
1,001-5,000	-	-	-
5,001-10,000	-	-	-
10,001-100,000	-	-	-
100,001-9,999,999,999	1	4,000,000	100.00%
Totals	1	4,000,000	100.00%

Unquoted Equity Securities Holdings as at 16 September 2024

The following persons hold 20% or more of unquoted equity securities (excluding those issued under an employee incentive scheme):

Position	Holder Name	Class	Holding	%
1	JJB ADVISORY LIMITED	Unlisted Options, exercise price \$0.20 and expiry dates various	5,000,000	100%

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement of Silver Mines Limited (**the 'Group'**) has been prepared in accordance with the 4th Edition of the Australian Securities Exchange's (**'ASX'**) Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council (**'ASX Principles and Recommendations'**). The Group is required to disclose the extent to which it has followed the recommendations during the financial year, including reasons where the Group has not followed a recommendation and any related alternative governance practice adopted.

Both this Corporate Governance Statement and the ASX Appendix 4G have been lodged with the ASX. This statement has been approved by the Group's Board of Directors (**'Board'**) and is current as at 30 September 2024.

The following governance related documents can be found on the Group's website at <http://www.silvermines.com.au>, under the section marked 'About', 'Corporate Governance'.

Charters:

Board
Audit Committee
Nomination Committee
Remuneration Committee
Health, Safety, Community and Sustainability Committee Charter

Policies and Procedures:

Code of Conduct
Continuous Disclosure
Selection and Appointment of New Directors
Trading in Company Securities
Assessing the Independence of Directors
Independent Professional Advice
Selection, Appointment and Rotation of External Auditor
Performance Evaluation of the Board, Board Committees, Individual Directors and Key Executives
Compliance Strategy (summary)
Shareholder Communication Strategy
Risk Management Policy
Whistleblower Policy
Environmental Policy
Policy on Health and Safety
Policy on Community Relations and Indigenous Peoples
Policy on Equal Employment Opportunity
Policy on Fitness for Work
Policy on Suppliers
Diversity Policy
Anti-Bribery and Corruption Policy

The ASX Principles and Recommendations and the Group's response as to how and whether it follows those recommendations are set out below.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 - A listed entity should have and disclose a board charter setting out:

- (a) **the respective roles and responsibilities of its board and management; and**
- (b) **those matters expressly reserved to the board and those delegated to management.**

The Group has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter, which is disclosed on the Group's website.

The Board is collectively responsible for promoting the success of the Group through its key functions of overseeing the management of the Group, providing overall corporate governance of the Group, monitoring the financial performance of the Group, engaging appropriate management commensurate with the Group's structure and objectives, involvement in the development of corporate strategy and performance objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance. Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Group in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Group's materiality thresholds at first instance to the Managing Director, or, if the matter concerns the Managing Director, directly to the chairman or the lead independent director, as appropriate.

Recommendation 1.2 - A listed entity should:

- (a) **undertake appropriate checks before appointing a director or senior executive or putting someone forward for election, as a director; and**
- (b) **provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.**

Before appointing a director, or putting forward to shareholders a director for appointment, the Group undertakes comprehensive reference checks that cover elements such as the person's character, experience, employment history and qualifications. Directors are required to declare each year that they have not been disqualified from holding the office of director by the Australian Securities and Investments Commission (**'ASIC'**).

CORPORATE GOVERNANCE STATEMENT

An election of directors is held each year. A director that has been appointed during the year must stand for election at the next Annual General Meeting ('AGM'). Retiring directors are not automatically re-appointed.

The Group has provided in the Director's Report (in the Annual Report) information about each candidate standing for election or re-election as a director that the Board considers necessary for shareholders to make a fully informed decision. Such information includes the person's biography, which includes experience and qualifications, details of other directorships, and any material information which may affect the person's ability to act independently on matters before the Board, and whether the Board supports the appointment or re-election.

Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The terms of the appointment of a non-executive director are set out in writing and cover matters such as the term of appointment, required committee work, notice requirements and other special duties and remuneration entitlements.

Executive directors and senior executives are issued with service contracts which detail the above matters as well as the circumstances in which their service may be terminated (with or without notice) and any entitlements upon termination.

Recommendation 1.4 - The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The Company Secretary reports directly to the Board through the Chairman and is accessible to all Directors. The Company Secretary's role, in respect of matters relating to the proper functioning of the Board, includes:

- (a) advising the Board and its committees on governance matters;
- (b) monitoring compliance of the Board and associated committees with policies and procedures;
- (c) coordinating all Board business;
- (d) retaining independent professional advisors;
- (e) ensuring that the business at Board and committee meetings is accurately minuted; and
- (f) assisting with the induction and development of directors.

Recommendation 1.5 - A listed entity should:

- (a) have and disclose diversity policy;
- (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally;
- (c) disclose in relation to each reporting period:
 - (i). the measuring objectives set for that period to achieve gender diversity;
 - (ii). the entity's progress towards achieving those objectives; and
 - (iii). either:
 - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
 - (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indicators', as defined in and published under that Act.

If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

The Board has implemented a Diversity Policy in line with Corporate Governance guidelines. The Group believes that the promotion of diversity on its Board, in senior management and within the organisation generally is good practice and adds to the strength of the Group.

The policy affirms existing employment arrangements which seek to attract and retain people by promoting an environment where employees are treated with fairness and respect and have equal access to opportunities as they arise. Diversity within the workforce includes such factors as religion, race, ethnicity, language, gender, disability and age.

The Board has adopted a diversity policy that details the purpose of the policy and the employee selection and appointment guidelines, consistent with the recommendations of the Corporate Governance Council. The Board believes that the adoption of an efficient diversity policy has the effect of broadening the employee recruitment pool, supporting employee retention, including different perspectives and is socially and economically responsible governance practice.

CORPORATE GOVERNANCE STATEMENT

The Company employs new employees and promotes current employees on the basis of performance, ability and attitude. The Board is continually reviewing its practices with a focus on ensuring that the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant.

Historically, the Board has not set measurable objectives for achieving gender diversity. It is the Board's policy that gender discrimination has no position in the workplace and that men and women must be treated equally and without any discrimination.

The respective proportion of women employees in the whole organisation, women in senior executive positions and women on the Board as at the date of this statement are set out in the following table:

Description	Proportion of women
On the Board	1 out of 4 (25%)
In management positions	1 out of 6 (17%)
Across the whole organisation	7 out of 26 (27%)

Silver Mines acknowledges the recommendation that measurable objectives should be set to achieve gender diversity in the composition of a board if such an entity was in the S&P/ASX 300, which should not be less than 30% of its directors. Silver Mines notes the recommendation and will consider same in the context of the size and composition of the Board.

The Group is not a "relevant employer" under the Workplace Gender Equality Act.

Recommendation 1.6 - A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and**
- (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

The Chairman is responsible for evaluation of the Board and individual directors. The Board has not established any independent committees.

The Chairman evaluates the performance of the Board and individual directors by way of ongoing review with reference to the composition of the Board and its suitability to carry out the Group's objectives.

An evaluation of the performance of the Board and individual directors took place in the 2024 financial period. The evaluation determined that the Board was satisfied with the performance of each Director and itself as a whole.

Recommendation 1.7 - A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and**
- (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.**

The Chairman in consultation with the Board reviews the performance of the senior executives. The current size and structure of the Group allows the Managing Director to conduct informal evaluations of the senior executives regularly. Open and regular communication with senior executives allows the Chairman to ensure that senior executives meet their responsibilities as outlined in their contracts with the Group, and to provide feedback and guidance, particularly where any performance issues are evident. Annually, individual performance may be more formally assessed in conjunction with a remuneration review.

During the 2024 Financial Year, the Group conducted an evaluation of senior executives within the Group who were employed during the period.

Principle 2: Structure the board to be effective and add value.

Recommendation 2.1 - The board of a listed entity should:

- (a) have a nomination committee which:**
 - (i). has at least three members, a majority of whom are independent directors; and**
 - (ii). is chaired by an independent director,**
- (b) and disclose:**
 - (i). the charter of the committee;**
 - (ii). the members of the committee; and**
 - (iii). as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (c) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.**

CORPORATE GOVERNANCE STATEMENT

The Board has not established a separate nomination committee other than as set out in accordance with the charter published on its website. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate nomination committee. Accordingly, the Board performs the role of the nomination committee.

Items that are usually required to be discussed by a nomination committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the nomination committee it carries out those functions which are delegated to it by the Group's Nomination Committee Charter, which is available on the Group's website.

The Board deals with any conflicts of interest that may occur when convening as the nomination committee by ensuring that the Director with the conflicting interests is not party to the relevant discussions.

An evaluation of the performance of the Board and individual directors took place in the 2024 financial period. The evaluation determined that the Board was satisfied with the performance of each Director and itself as a whole.

Recommendation 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

The Board's skills matrix which it is looking to achieve in its membership includes technical experience, public company experience and financial experience.

The Board considers that this composition is appropriate for the effective execution of the Board's responsibilities and the size and operations of the Group.

During the 2024 Financial Year, the Group, considered the composition of the Board. The Board determined to appoint Mr Robert Dennis as an additional director to the Board and the relevant expertise was met from a Board perspective. Should further technical advice be required the Board would seek to appoint a Board member with such experience.

Recommendation 2.3 - A listed entity should disclose:

(a) the names of the directors considered by the Board to be independent directors;

(b) if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and

(c) the length of service of each director.

The Board considers that Keith Perrett, Kristen Podagiel and Robert Dennis are independent directors. These directors are independent as they are non-executive directors who are not members of management and who were free of any business or other relationship that could materially interfere with or could be reasonably perceived to interfere with, the independent exercise of their judgment.

When considering the independence of a director, the Board considers whether the director:

- (a) is a substantial shareholder of the Group or an officer of, or otherwise;
- (b) associated directly with a substantial shareholder of the Group;
- (c) is employed, or has previously been employed in an executive capacity by the Group or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- (d) has within the last three years been a principal of a material professional adviser or a material consultant to the Group or another group member, or an employee materially associated with the service provided;
- (e) receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of the Group;
- (f) has close personal ties with any person who falls within any of the categories described above;
- (g) is a material supplier or customer of the Group or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (h) has been a director of the Group for such a period that their independence from management and substantial holders may have been compromised; or
- (i) has a material contractual relationship with the Group or another group member other than as a director.

Family ties and cross-directorships may be relevant in considering interests and relationships which may affect independence, and should be disclosed to the Board.

CORPORATE GOVERNANCE STATEMENT

Details of the Board of directors, their appointment dated, length of service as independence status is as follows:

Director's name	Appointment date	Length of service (approx.)	Independence status
Keith Perrett	20th June 2016	8 years	Independent Non-Executive
Jonathan Battershill	16th June 2017	7 years (appointed as Managing Director effective 01 January 2024)	Executive
Kristen Podagiel	19th April 2022	2 years	Independent Non-Executive
Robert Dennis	01 July 2024	3 months	Independent Non-Executive

Where it is determined that a non-executive director should no longer be considered independent, the Group shall make an announcement to the market.

Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.

Three quarters of the Board are considered independent. The Board considers that the current size and composition of the Board is appropriate for the execution of the Board's responsibilities. To assist directors with independent judgement, it is the Board's policy (set out on the Group's website) that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chairman for incurring such expense, the Group will pay the reasonable expenses with obtaining such advice.

Recommendation 2.5 - The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO/ managing director of the entity.

Keith Perrett is the Chairman of the Board and is considered an independent director.

Recommendation 2.6 - A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development opportunities to maintain the skills and knowledge needed to perform their role as directors effectively.

The Board in its capacity as nomination committee has a responsibility to ensure all new directors are provided with an induction into the Group and that directors have access to ongoing education relevant to their position in the Group.

Given the current size and composition of the Board, the Board members are expected to advise the Group when further professional development is required, however, the Board considers the current skill matrix of the Board is sufficient for the Group's purposes as at the date of this annual report.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Recommendation 3.1 - A listed entity should articulate and disclose its values

The Group is committed to providing shareholders with exceptional returns via the acquisition, exploration and development of assets containing silver and other metals.

The Group's core values include:

- Integrity and Accountability
- Excellence in Performance
- Safety
- Collaboration
- Community
- Education and Research & Development

The Group is committed to working by its core values.

CORPORATE GOVERNANCE STATEMENT

Recommendation 3.2 - A listed entity should:

- (a) have and disclose a code of conduct for its directors, senior executives and employees; and**
- (b) ensure that the board or a committee of the board disclose is informed of any material breaches to that code.**

The Group has established a Code of Conduct as to the practices necessary to maintain confidence in the Group's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code of Conduct is available on the Group's website. It is a requirement under the Code of Conduct that the board be informed of any material incident reported under that policy, as soon as practicable following such a report.

Recommendation 3.3 - A listed entity should:

- (a) have and disclose a whistleblower policy; and**
- (b) ensure that the board or a committee is informed of any material incidents reported under that policy.**

The Group has a whistleblower policy. The whistleblower policy is to ensure the Group is living up to its values and meets legislated requirements. This policy is available on the Group's website.

The Board is informed of any material incident reported under that policy, in accordance with the policy, as soon as practicable following such a report.

Recommendation 3.4 - A listed entity should:

- (a) have and disclose an anti-bribery and corruption policy; and**
- (b) ensure that the board or a committee of the board disclose is informed of any material breaches to that policy.**

The Group has established an anti-bribery and corruption policy as a part of its Code of Conduct. The Code of Conduct policy is available on the Group's website.

Principle 4: Safeguard the integrity in corporate reporting

Recommendation 4.1 - The board of a listed entity should:

- (a) have an audit committee which:**

- (i). has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and**
- (ii). is chaired by an independent director, who is not the chair of the board,**

and disclose:

- (i). the charter of the committee;**
 - (ii). the relevant qualifications and experience of the members of the committee; and**
 - (iii). in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.**

The Board has not established a separate audit committee and therefore it is not structured in compliance with recommendation 4.1. Given the current size and composition of the Board, the Board believes there would be no efficiencies gained by establishing a separate audit committee. The Board performs the role of audit committee. Items required to be discussed by an audit committee are marked as separate agenda items at Board meetings as required. When the Board convenes as the audit committee it carries out those functions which are delegated to it in the Group's Audit Committee Charter, which is available on the Group's website.

The Board deals with any conflicts of interest and corporate reporting issues that may occur when convening in the capacity of the audit committee ensuring that the director with conflicting interests is not party to the relevant discussions (if applicable). Such matters are treated as a board minuted item and appropriately recorded and considered.

CORPORATE GOVERNANCE STATEMENT

The Group has adopted an Audit Committee Charter which describes the role, compositions, functions and responsibilities of the audit committee.

The qualifications of the Board and company secretary are set out on the Group's website or set out in the Annual Report of the Company.

Recommendation 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO/managing director and CFO/company secretary a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For the 2024 Financial Year, the Board received a statement from its Managing Director and Company Secretary, who perform the functions of CEO and CFO respectively, declaring that in their opinion, the financial records of the Group have been properly maintained and comply with the appropriate accounting standards.

Recommendation 4.3 - A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

The Group engages an external accounting firm to maintain its financial records and assist with the collation of periodic cash flow reports which are released to the market. Such reports are provided by the Company's accountants to the Group for consideration prior to release and are finally reviewed and signed off by the Board. The completion of periodic reports by external professionals assists the Group to ensure the integrity of its financial reporting.

The Group's activity reports are prepared by employees of the Group in conjunction with external consultants and professional advisers who provide assistance with respect to compliance with ASX Listing Rules and Joint Ore Reserve Committee standards, thus assisting the Group to ensure the integrity of those reports.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 - A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1

The Group has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

A summary of the Group's Policy on Continuous Disclosure and Compliance Procedure is disclosed on the Group's website.

Recommendation 5.2 - A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

All ASX announcements are approved by the Managing Director of the Group or by resolution of the Board prior to release and are provided to the board promptly after they have been made.

Recommendation 5.3 - A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements ahead of the Presentation

The Group ensures that investor or analyst presentation materials are released on the ASX Market Announcements Platform prior to the presentation.

Principle 6: Respect the rights of security holders

Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.

The Group maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the Group's website.

CORPORATE GOVERNANCE STATEMENT

Recommendations 6.2 and 6.3

A listed entity should have an investor relations program that facilitates effective two-way communication with investors (6.2).

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders (6.3).

The Group has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings. The Shareholder Communication Policy is disclosed on the Group's website.

Recommendation 6.4 - A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

All resolutions put to a meeting of security holders in the Group are decided by poll rather than by a show of hands in accordance with Guidance Note 35 Security Holder Resolutions. This is to support the principle of "one share, one vote" and also supports the ASX stance on voting at general meetings of security holders.

Recommendation 6.5 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

The Group's website allows security holders to receive communications from and send communications to the entity electronically. Investors may elect to receive email alerts from the Group.

Principle 7: Recognise and manage risk

Recommendations 7.1 and 7.2

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

(i). has at least three members, a majority of whom are independent directors; and

(ii). is chaired by an independent director, and disclose:

(i). the charter of the committee;

(ii). the members of the committee; and

(iii). as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).

The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) disclose, in relation to each reporting period, whether such a review has taken place (7.2).

The Board does not have a specific risk management committee. The Board's audit committee as referred to in recommendation 4 above assists with monitoring and reviewing the Group's risk management processes and systems.

The Risk Management Policy, disclosed on the Group website, demonstrates the measures taken and policies implemented to manage risks associated with the Group's business.

The Board regularly considers and discusses the risks posed to it and the procedures in place to manage that risk to ensure that the Group is adequately protected against such risks. Annually, the Group receives and reviews recommendations from management and senior executives as to the effectiveness of the management of material business risks.

During the 2024 Financial Year, the Board received and reviewed recommendations from management and senior executives as to the effectiveness of the management of material business risks.

Recommendation 7.3 - A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.

Given the size and composition of the Group, the Board has not established an internal audit function, other than the audit committee function which the Board serves as disclosed in recommendation 4 above and in the Audit Committee Charter disclosed on the website. The Board may from time to time engage an external auditor to conduct additional reviews of Group processes.

CORPORATE GOVERNANCE STATEMENT

Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.

The risk profile of the Group is as follows:

Market-related.
Financial reporting.
Operational.
Environmental.
Economic cycle/marketing.
Legal and compliance.

These risks are managed using the Risk Management Policy disclosed on the Group's website. Under the policy, the Board is responsible for updating the Group's material business risks. In addition, the following risk management measures have been adopted by the Board to manage the Group's material business risks:

- (a) the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- (b) the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Group's continuous disclosure obligations; and
- (c) the Board has adopted a corporate governance manual which contains other policies to assist the Group to establish and maintain its governance practices.

Additionally as per the Group's policy on the environment (which is disclosed on the Group's website), the Group views environmental management as essential to its own future and to the future of the mining industry in general. The Group considers that sound environmental management benefits all stakeholders, including shareholders, employees, contractors, the communities within which it works and the broader community as a whole. All employees will be active towards sound environmental management and as a minimum, ensure compliance with all statutory requirements associated with the Group's activities, from mineral exploration, mining and processing through to the sale of mineral products.

The Group has also implemented an Environmental Management System that incorporates elements to achieve and maintain high environmental standards, the Group and its employees undertake to identify, control, monitor and as appropriate rehabilitate environmental impacts from all stages of the Group's activities ultimately managing and mitigating environmental risks.

The Group also has a dedicated policy on community relations and indigenous peoples (as disclosed on the Group's website) to deal with social risks and to develop mutually beneficial relationships with the communities in which the Group works and proposes to work.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 - The board of a listed entity should:

(a) have a remuneration committee which:

- (i). has at least three members, a majority of whom are independent directors; and**
- (ii). is chaired by an independent director,**

and disclose:

- (i). the charter of the committee;**
- (ii). the members of the committee; and**
- (iii). as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or**

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board has not established a separate remuneration committee and accordingly it is not structured in accordance with recommendation 8.1. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate remuneration committee. Accordingly, the Board performs the role of the remuneration committee.

Items usually required of a remuneration committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the remuneration committee, it carries out those functions which are delegated to it by the Remuneration Committee Charter which is disclosed on the Group's website. The Board deals with any conflicts of interest that may occur when convening in the capacity of the remuneration committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board in its capacity as remuneration committee did not meet during the 2024 financial year however, remuneration related items were tabled and considered during a number of Board meetings during that period.

CORPORATE GOVERNANCE STATEMENT

Recommendation 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Details of remuneration are set out in the remuneration report which forms part of the directors report (in the Annual Report) and is set out in the Remuneration Charter on the Group's website. The policy on remuneration clearly distinguishes the structure of non-executive director's remuneration from that of executive directors. Executive directors are offered a competitive level of base pay at market rates and are periodically reviewed to ensure market competitiveness.

There are no termination or retirement benefits for non-executive directors.

The Group's Remuneration Committee Charter includes a statement of the Group's policy on prohibiting transactions in associated products which limits the risk of participating in unvested entitlements under any equity based remuneration schemes.

Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose that policy or a summary of it.

The Company's Remuneration Charter Committee sets out the Board's approach and policy with respect to equity-based remuneration. Specifically, such remuneration is only available where such schemes are made with sufficient disclosure to shareholders and in accordance with the Listing Rules.

Additional Recommendations

Recommendation 9.1 – A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.

This recommendation is not applicable to the Group.

Recommendation 9.2 – A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.

This recommendation is not applicable to the Group.

Recommendation 9.3 – A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

This recommendation is not applicable to the Group.

CORPORATE DIRECTORY

Directors

Keith Perrett – Non-Executive Chairman

Jonathan Battershill – Managing Director
(appointed 01 January 2024,
previously Non-Executive Director)

Kristen Podagiel – Non-Executive Director

Robert Dennis – Non-Executive Director
(appointed 01 July 2024)

Company Secretary

Trent Franklin

Australian Company Number

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