



# Interim Financial Report

For the six months ended 31 December 2024

This Interim financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2024 and any public announcements made by Silver Mines Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 (Cth) and the ASX Listing Rules.

ABN: 45 107 452 942

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## **CORPORATE DIRECTORY**

### **Directors**

Keith Perrett – Non-Executive Chairman  
Jonathan Battershill – Managing Director  
Kristen Podagiel – Non-Executive Director  
Robert Dennis – Non-Executive Director (appointed 01 July 2024)

### **Company Secretary**

Trent Franklin

### **Australian Company Number**

107 452 942

### **Registered Office**

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### **Share Registry**

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### **Auditors**

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## **DIRECTORS' REPORT**

The Directors present their report on Silver Mines Limited and its controlled entities for the half-year ended 31 December 2024.

### **DIRECTORS**

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

Keith Perrett	<i>Non-Executive Chairman</i>
Jonathan Battershill	<i>Managing Director</i>
Kristen Podagiel	<i>Non-Executive Director</i>
Robert Dennis	<i>Non-Executive Director (appointed 01 July 2024)</i>

### **FINANCIAL RESULTS**

For the half-year reporting period to 31 December 2024, the Group recorded a loss of \$2,026,673 (31 December 2023: loss \$579,471).

The Group incurred exploration and development expenditure of \$4,949,331 during the current half-year to 31 December 2024 (31 December 2023: \$5,512,529). The total net assets of the Group stand at \$159,367,971 (June 2024: \$137,610,351) of which investment in exploration expenditure accounts for \$97,573,754 (June 2024: \$92,624,423).

There were no dividends paid, recommended or declared during the current or previous financial period.

### **PRINCIPAL ACTIVITIES**

Silver Mines Limited ("Silver Mines" or the "Company") and its controlled entities (Collectively, the "Group") focus throughout the first half of the financial year ending 30 June 2025 ("2025 Financial Year") involved the continued advancement of the Bowdens Silver Project, including progressing its Mining Lease Application, Development Consent and other documentation with the New South Wales Department of Planning, Housing and Infrastructure and other government departments for the development of the Bowdens Silver Project. In addition, substantial exploration works continue to be undertaken by the Group at its Bowdens Silver Project and other regional projects.

### **PROJECTS**

#### **Bowdens Silver Projects**

##### **Introduction**

During the first half of the 2025 Financial Year ("Half Year Period"), the Company focussed on the continued pre-development studies and mineral exploration at the Bowdens Silver Project located near Mudgee in the Central Tablelands Region of New South Wales, Australia.

The Bowdens Silver Project ("Project" or "BSP") is the largest known undeveloped silver deposit in Australia and lies within Exploration License 5920, which is 100% held by Silver Mines. The Project is located in central New South Wales, approximately 26 kilometres east of Mudgee.

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



## DIRECTORS' REPORT

### Ore Reserve and Mineral Resource

On 20 December 2024 (and as per the amended announcement released on 10 January 2025), the Company announced an updated Ore Reserve Estimate ("ORE") and Mineral Resource Estimate ("MRE") for the Bowdens Silver Deposit.

The updated 2024 MRE reflects additional drilling, more accurate geological domaining, improved metallurgical recoveries from test work and updated metal pricing assumptions. The MRE has been updated by H&S Consultants in conjunction with the Company and work with Datarock, helping to improve domain estimation consistency and accuracy.

Accordingly, an updated Ore Reserve for the Bowdens Silver Deposit has also been completed. The Company in conjunction with Resolve Mining Services, produced an Ore Reserve for the Bowdens Silver Project based on the M & I component of the 2024 MRE refer to Table 1 and Figure 2. This represents a snapshot of the current economically extractable Resources for a given set of cost and pricing assumptions and modifying factors in accordance with the 2012 JORC Code.

Please refer to the Company's announcement dated 20 December 2024 and the amended announcement released on 10 January 2025 for full details regarding the updated Ore Reserve Estimate and Mineral Resource Estimate.

#### Ore Reserve

The Bowdens Silver Ore Reserve is estimated at 32.8 million tonnes at 68.0g/t silver, 0.38% zinc and 0.29% lead for 71.7 million ounces of silver, 123.3 kilo-tonnes of zinc and 95.6 kilo-tonnes of lead in contained metal. The Ore Reserve Estimate is shown in Table 1.

**Table 1 - December 2024 Ore Reserve\***

Classification	Reserve Grades				Contained Metal		
	Tonnes (Mt)	Ag (g/t)	Zn (%)	Pb (%)	Ag (Moz)	Zn (kt)	Pb (kt)
Proved	31.5	68.7	0.38	0.3	69.6	120.8	93.5
Probable	1.3	50.6	0.19	0.16	2.1	2.5	2
Total	32.8	68	0.38	0.29	71.7	123.3	95.6

\*Notes:

1. Ore Reserves are a subset of Mineral Resources.
2. Ore Reserves conform with and use the JORC Code 2012 definitions.
3. Ore Reserves are calculated using Silver, Lead and Zinc pricing of US\$29/oz, US\$1.05/lb and US\$1.35/lb respectively.
4. Ore Reserves are calculated using a Net Smelter Return cut-off grade of 27g/t Ag under these assumptions.
5. Tonnages are reported including mining dilution.
6. All figures are rounded to reflect appropriate levels of confidence which may result in apparent errors of summation.
7. Refer to the Company's announcement dated 20 December 2024 (and the amended announcement released on 10 January 2025) for full details regarding the updated Ore Reserve Estimate.

The Ore Reserves were estimated from the MRE after consideration of the confidence levels of the resource categories and considering the relevant modifying factors.

No Mineral Resources classed as Inferred have been included in the Ore Reserve.

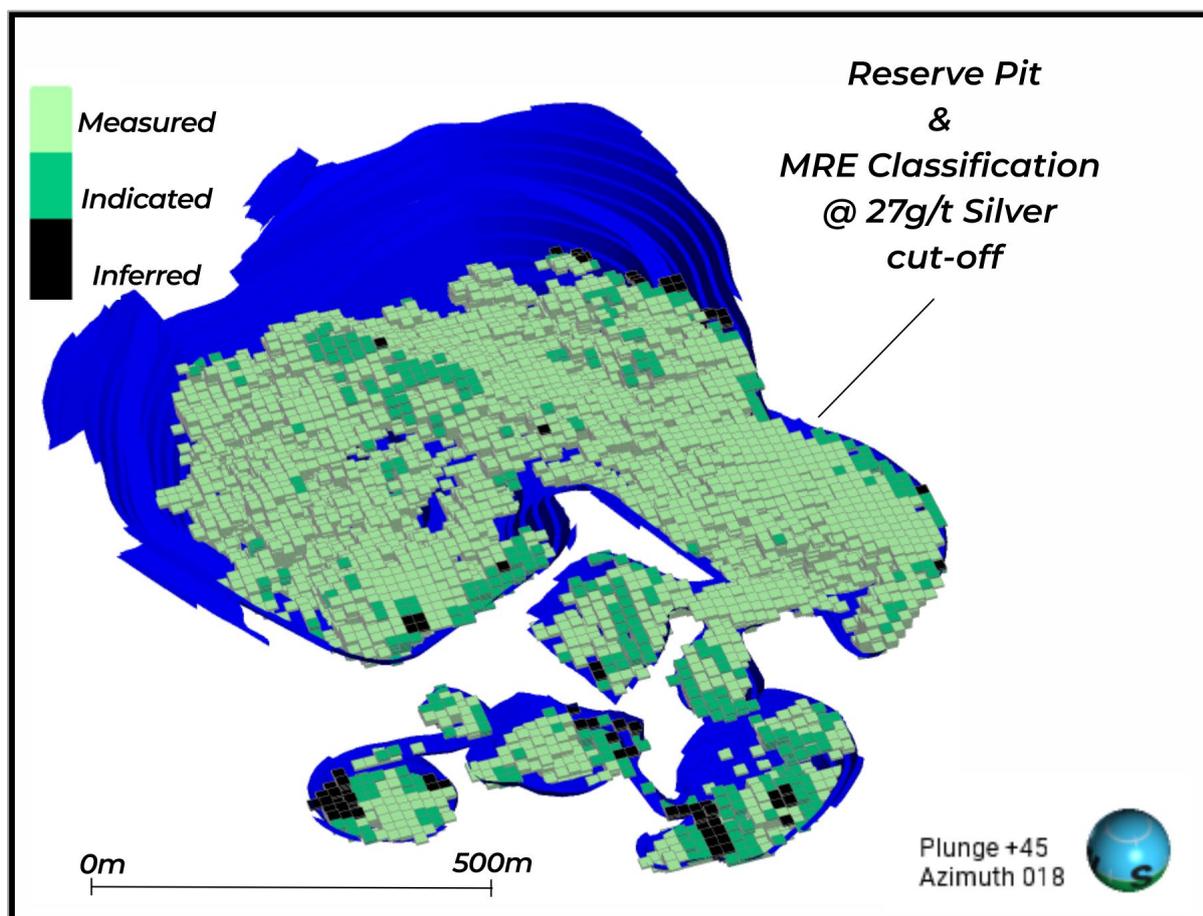


Figure 2 – Schematic of Ore Reserve within Pit Designs by Resource Classification

**Mineral Resources**

During the Half Year Period, the Company provided an updated Mineral Resource for the Bowdens Silver Project. The Bowdens Silver Deposit MRE update was completed by H & S Consultants (“H&S”) using Multiple Indicator Kriging (“MIK”) for Silver and Gold and Ordinary Kriging (“OK”) for other metals. The MRE for the Bowdens Silver Deposit as of December 2024 is shown in Table 2.

**Table 2 - December 2024 Mineral Resource Estimate (30 g/t AgEq cut-off)\***

Resource Category	Resource Grades						Contained Metal				
	Mass (Mt)	Ag (g/t)	Zn (%)	Pb (%)	Au (g/t)	AgEq (g/t)	Ag (Moz)	Zn (kt)	Pb (kt)	Au (k oz)	AgEq (Moz)
Measured	100	42	0.37	0.27	0.03	65	135	368	265	109	207
Indicated	43	21	0.41	0.28	0.11	52	30	176	121	152	71
<b>M &amp; I</b>	<b>143</b>	<b>36</b>	<b>0.38</b>	<b>0.27</b>	<b>0.06</b>	<b>61</b>	<b>164</b>	<b>544</b>	<b>386</b>	<b>260</b>	<b>278</b>
Inferred	36	14	0.42	0.32	0.14	48	16	152	115	166	55
<b>Total</b>	<b>179</b>	<b>31</b>	<b>0.39</b>	<b>0.28</b>	<b>0.07</b>	<b>58</b>	<b>180</b>	<b>696</b>	<b>501</b>	<b>426</b>	<b>334</b>

*Differences may occur in totals due to rounding*

**\*Notes**

1. Bowdens Silver Mineral Resource Estimate reported to a 30g/t AgEq 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.
2. Bowdens’ silver equivalent assumes prices of US\$27.50/oz silver, US\$2,950/t zinc, US\$2,350/t lead and US\$2,200/oz gold with metallurgical recoveries of 86.2% silver, 92.2% zinc, 84.7% lead and 80% gold estimated from test work commissioned by Silver Mines Limited. Silver equivalent formulae  $AgEq = Ag + Pb \cdot 0.002612 + Zn \cdot 0.003569 + Au \cdot 74.25$  with all metals stated in g/t. It should be noted metal prices used in the Ore Reserve differ due to different timing of the Ore Reserve reporting.
3. In the Company’s opinion, the silver, zinc, lead and gold included in the metal equivalent calculations have a reasonable potential to be recovered and sold.

## **DIRECTORS' REPORT**

4. Stated Mineral Resources are partially inclusive of areas of the total Underground Mineral Resource Estimate at 150 g/t Silver Equivalent (AgEq) Cut-off Grade above 300mRL. See ASX announcement dated 5th September 2022.
5. Variability of summation may occur due to rounding.
6. Oxide and transitional material comprise 0.4% and 2.9% of the Resource tonnage, containing 1 Moz and 9 Moz AgEq respectively.
7. Refer to the Company's announcement dated 20 December 2024 (and the amended announcement released on 10 January 2025) for full details regarding the updated Mineral Resource Estimate.

### **Development and Mining Lease Application 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 ("DPHI"). In March 2021, the Company announced the submission of its Mining Lease Application ("MLA 601").

The proposed development comprises an open cut mine feeding a new processing plant with a conventional milling circuit and bulk flotation to produce a high precious metal concentrate that will be sold for smelting off site.

From the EIS exhibition process, the Company received no objections to the Project from any of the Government agencies and received resounding public support. At the end of December 2022, the Company was advised that the DPHI had assessed the Project as being in the public interest and approvable subject to conditions of consent. The DPHI referred the Project to the Independent Planning Commission of New South Wales ("IPC") for final determination. On 3 April 2023, the IPC announced the approval of the Bowdens Silver Project allowing the Project to proceed to development and production subject to conditions of consent.

Following the decision by the NSW Court of Appeal ("Court of Appeal") in August 2024 to set aside the Bowdens' development consent provided by the IPC, the NSW Minister for Planning and Public Spaces Paul Scully has legislated important amendments to the *Environmental Planning and Assessment Act 1979* (NSW).

The amended legislation has received bipartisan support in the NSW Parliament and the legislative amendments are now law after receiving Royal Assent in December 2024.

The amended legislation empowers the Planning Secretary to declare which part of a project does or does not form part of a single proposed development for the purposes of Part 4 planning approvals.

This helps to reinstate the general approach taken to the planning assessment of State Significant Development (SSD) projects, such as Bowdens', prior to the Court's decision. The Company now has a clear pathway to work through, in consultation with the DPHI, to seek reinstatement of the development consent for the Bowdens Silver Project, according to the new laws.

The Company is now working with the DPHI and other government departments with respect to its existing Development Application ("DA").

As previously reported to the market, advice received by the Company is that the Bowdens DA remains on foot and has not been finally determined by the consent authority, the IPC.

The new laws apply to a future assessment of the Company's existing DA for the Bowdens Silver Project.

Silver Mines continues extensive consultation with relevant Government departments, local communities, and other interested stakeholders. Consultation processes focus on the current mine development area and the wider area where the Company is commencing or undertaking exploration programs.

The Company conducted a detailed optimisation program for the updating of the Bowdens Silver Feasibility Study completed in 2018. The optimisation program examines all aspects of the development including Ore Reserves, mine design, metallurgy, process design and economic and market considerations. During the Half Year Period, the Company announced the optimisation study results as detailed further in this report.

## DIRECTORS' REPORT

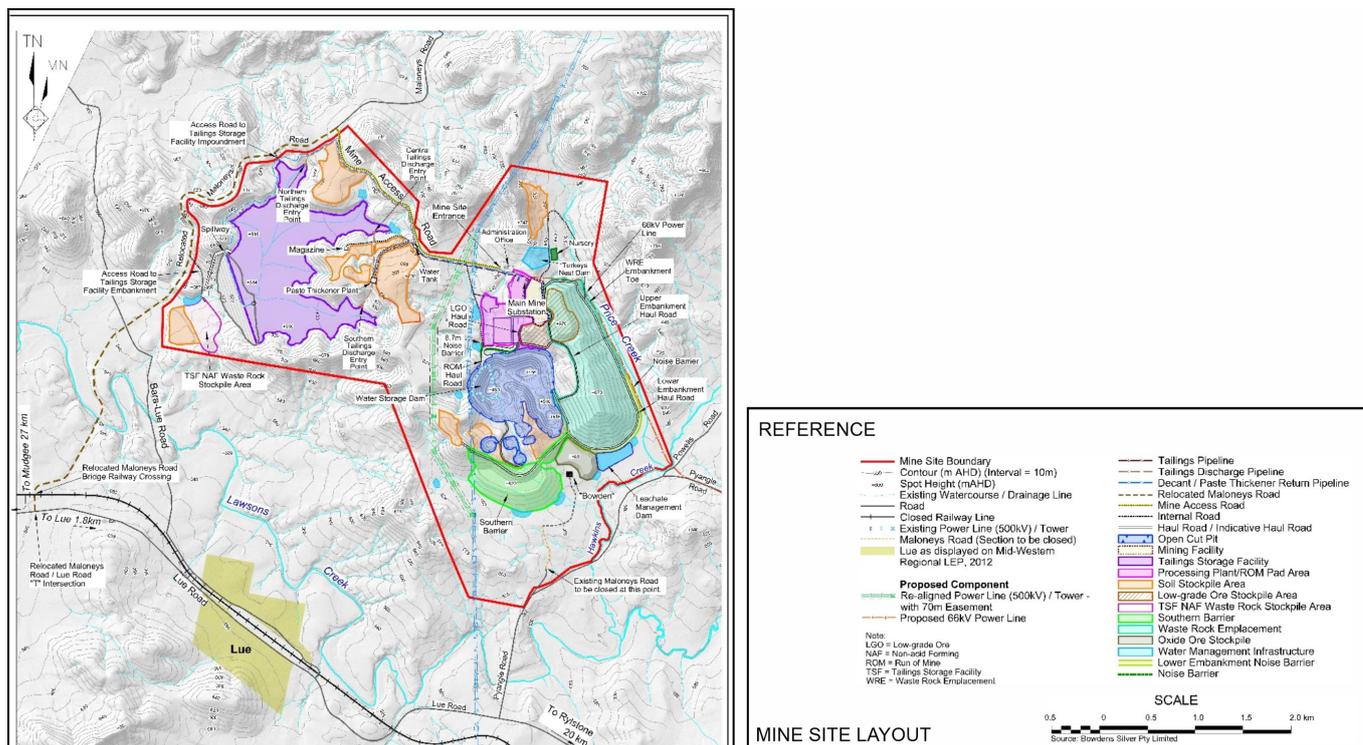


Figure 3: Bowdens Silver Mine Site Layout

### Optimisation Study

On 20 December 2024, the Company announced the results of Optimisation Study for its Bowdens Silver Project which has resulted in significant improvements to the economic parameters of the Project.

Please refer to the Company’s announcement dated 20 December 2024 for full details regarding the Company’s Optimisation Study.

### Summary

The Bowdens Silver Project Optimisation Study has demonstrated strong economics and significant improvements to the Feasibility Study (“2018 FS”) from 2018.<sup>1</sup>

The key economics of the BSP from the Optimisation Study are set out in Table 3 below:

**Table 3: Bowdens Silver Project Economic Parameters**

Parameter	Unit	Feasibility Study (Jun 2018)	Optimisation Study (Dec 2024)	Difference
<b>Processing Plant, Infrastructure and Sustaining Capital</b>				
Process Plant (2.0Mtpa)	A\$m	62.6	93.8	+50%
Non-Processing Infrastructure	A\$m	102.5	122.1	+19%
Other	A\$m	28.7	78.6	+174%
Indirect	A\$m	52.3	37.1	-29%
Total (including contingency)	A\$m	246.0	331.6	+35%
Sustaining Capital (LOM)	A\$m	53.9	14.8	-73%
LOM Capex	A\$m	299.9	346.4	+16%
<b>Production Summary (Optimisation Study – Subset of Ore Reserve)</b>				
Life of Mine (LOM)	Years	16.5	16.0	n/c
LOM Strip Ratio	W:O	1.61	1.49	-7.4%
Processing Rate	Mtpa	2.0	2.0	n/c
LOM Payable Silver Production	Moz	48.1	50.3	+4.6%
LOM Payable Zinc Production	kt	92	31	-66%

<sup>1</sup>Silver Mines Limited (ASX:SVL) release: “Feasibility Study – Bowdens Silver Project” dated 14 June 2018.

Parameter	Unit	Feasibility Study (Jun 2018)	Optimisation Study (Dec 2024)	Difference
LOM Payable Lead Production	kt	75	56	-25%
LOM Average Silver Production	Mozpa	3.2	3.7	+16%
LOM Average Silver Recovery	%	79.8	82.7	+3.6%
<b>LOM Operating Costs</b>				
Mining (including rehabilitation)	A\$/t milled	14.98	17.99	+20%
Processing	A\$/t milled	18.15	20.78	+14%
Administrative	A\$/t milled	3.30	5.65	+71%
C1 Costs	A\$/oz	15.47	23.28	+50%
C1 Costs	US\$/oz	11.60	15.59	+34%
AISC	A\$/oz	17.25	24.81	+44%
AISC	US\$/oz	12.94	16.62	+28%
<b>Project Economics</b>				
LOM Pre-Tax Operating Margin	A\$m	559	948	+70%
NPV <sub>5%</sub> (Pre-Tax)	A\$m	144	359	+149%
NPV <sub>5%</sub> (Post-Tax)	A\$m	71	253	+256%
IRR (Pre-Tax)	%	17.9	21.0	+17%
Payback (Post-Tax)	Years	4.8	3.9	-19%
Profitability Index	(x)	1.29	1.76	+36%
NPV (Pre-Tax) / Pre-Prod Capex	(x)	0.58	1.08	+86%

The Optimisation Study results have been released on the back of the updated Ore Reserve Statement.<sup>2</sup>

The Optimisation Study commenced in H1 2023 and has been running concurrently with ongoing permitting activities. A number of scoping changes relative to the 2018 FS were made during the Optimisation Study. The key changes include:

- Simplification of the process flow sheet with production of a single precious metal bulk concentrate now preferred over the original two concentrate stream (Ag/Pb and Zn) – with the added benefits of increased overall payability for silver, improved silver recovery and removing cyanide from the process.
- Changing the Tailing Storage Facility (“TSF”) design from a large, conventional hydraulic tail to a dewatered facility (dry-stack), which is considered world’s best practice and allows for progressive rehabilitation of the TSF and improved dust management.
- Redesign of the Waste Rock Emplacement Facility to lower the height and reduce potential visibility to the community.
- Removal of the requirement to haul waste rock on public roads.
- The movement to a dayshift only mining roster which benefits the community and the local workforce at the BSP.

### Bowdens Silver Exploration

During the Half Year Period, on 9 October 2024, the Company announced that the first ever drilling program was to commence at the Bara Creek Prospect (“Bara Creek”), situated within the Bowdens Silver Project.<sup>3</sup>

Bara Creek represents a greenfield discovery opportunity. CRA Exploration (“CRAE”) identified Bara Creek in 1989 after anomalous gold, arsenic, silver, copper and antimony assays were returned from regional stream sediment sampling. Limited follow up work confirmed gold in some rock chip samples, extensive quartz veining and significant silica and clay alteration of felsic volcanics. No exploration has been completed at the Prospect since. Bara Creek is situated about seven kilometres to the northwest of the Bowdens Silver Deposit (“the Deposit”). It was suggested by CRAE geologists that Bara Creek resembles a high-sulphidation epithermal equivalent to the Deposit, which is characteristically low to intermediate sulphidation.

<sup>2</sup>Silver Mines Limited (ASX:SVL) release: “Bowdens Silver Project Ore Reserves Increased to 71.7Moz Silver” dated 20 December 2024 (and as per amended announcement dated 10 January 2025).

<sup>3</sup>Silver Mines Limited (ASX:SVL) release: “Drilling to commence at Bara Creek Prospect, a high-priority epithermal target” dated 9 October 2024”.

**DIRECTORS' REPORT**

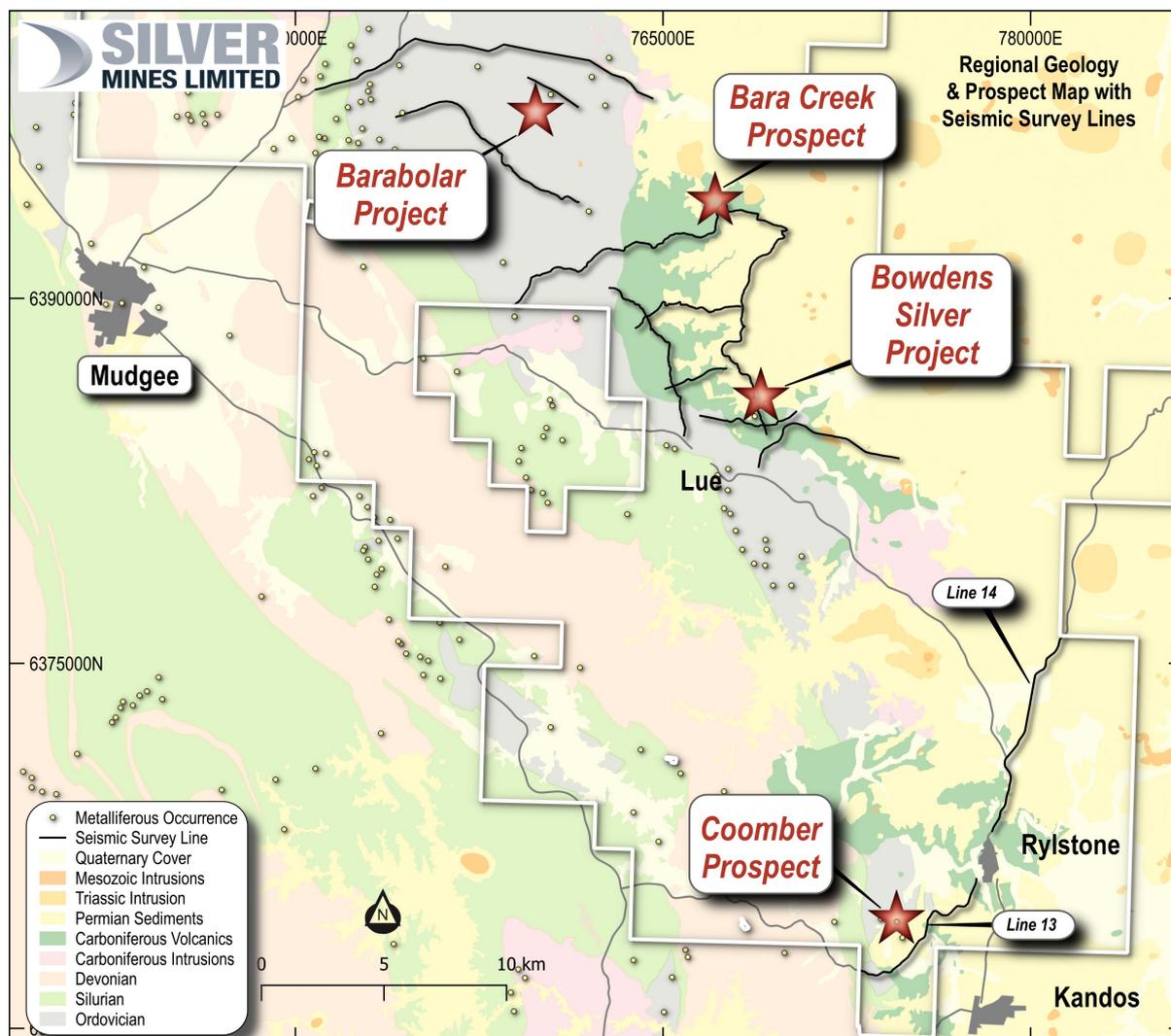


Figure 4: Location of the Bara Creek prospect within the Bowdens Silver Project.

Seven diamond drill holes have been completed at Bara Creek totalling 2,465.5 metres. Results are being received and will be reviewed to direct further work at the Prospect.

**On-going Research & Development**

The Company is continuing its commitment to R&D projects, including a project focused on technologies for predicting geometallurgical and bulk rock properties within the deposit and to define extensions to mineralisation cost effectively. The Company is engaged with several research providers, as well as internal staff, to design cutting edge technologies and processes that may have a positive impact on future economic development and discovery. The previously completed seismic surveys and on-going mineral systems modelling are key pillars of the R&D programs.

## **DIRECTORS' REPORT**

### **Tuena Project**

The Tuena Project is located 80 kilometres south of the city of Orange in New South Wales (refer to Figure 5).

Tuena was the scene of a historic gold rush, with gold extracted from several narrow high-grade gold reefs over a regional trend greater than 5 kilometres of strike length. The Company previously completed reconnaissance mapping, rock sampling and soil geochemistry; as well as an airborne magnetic survey.

In 2020, the Company completed a 20-hole 4,000 metre drill program designed to test beneath several of the historic hard-rock gold workings and associated geochemistry anomalies along an extensive 5.4 kilometre by 1.5-kilometre shear complex within EL8526. In addition, two targets, at Lucky Hit South and Markham's Prospects, have been identified with both gold and base-metal pathfinder signatures. Both prospects adjoin historic workings at Lucky Hit and Markham's Hill respectively and are clearly defined by soil chemistry with anomalism of silver, bismuth, lead, tellurium and gold (refer release dated 19 May 2020).

Alteration associated with mineralisation at Tuena consists of sericite–silica–carbonate around quartz and carbonate veins, with the project area mostly metamorphosed to schist and phyllite. The distribution of gold mineralisation suggests that a substantial hydrothermal system has affected the area. Results from the initial program have been collated and will guide follow-up drilling to test the extents of gold mineralisation encountered.

Furthermore, mineralisation within the Tuena area also has affinities to volcanogenic massive sulphide (VMS) style mineralisation. Previous explorers on the Elsenora Project (EL9588) intersected mineralisation anomalous of lead-zinc-silver as well as gold.

The Company is planning to commence an initial diamond drilling program of 2,000 to 3,000 metres at the Elsenora Project. The drill program will target gold and silver primarily (refer to ASX release dated 24 January 2025). The Company also holds exploration licence EL8974, which adjoins the Elsenora Project. Reconnaissance exploration (soil sampling and geological mapping) has already commenced across parts of this licence. Limited historic workings exist on the NSW Government database within the area of EL8974 and it is on this tenement, as well as immediately adjacent ground to Elsenora Project, where the Company will focus reconnaissance exploration.

The Company is planning an expanded regional exploration program extending from immediately south of the McPhillamy's Gold Project and across EL8973, EL8974, EL8526, EL8975 and EL9588.

## DIRECTORS' REPORT

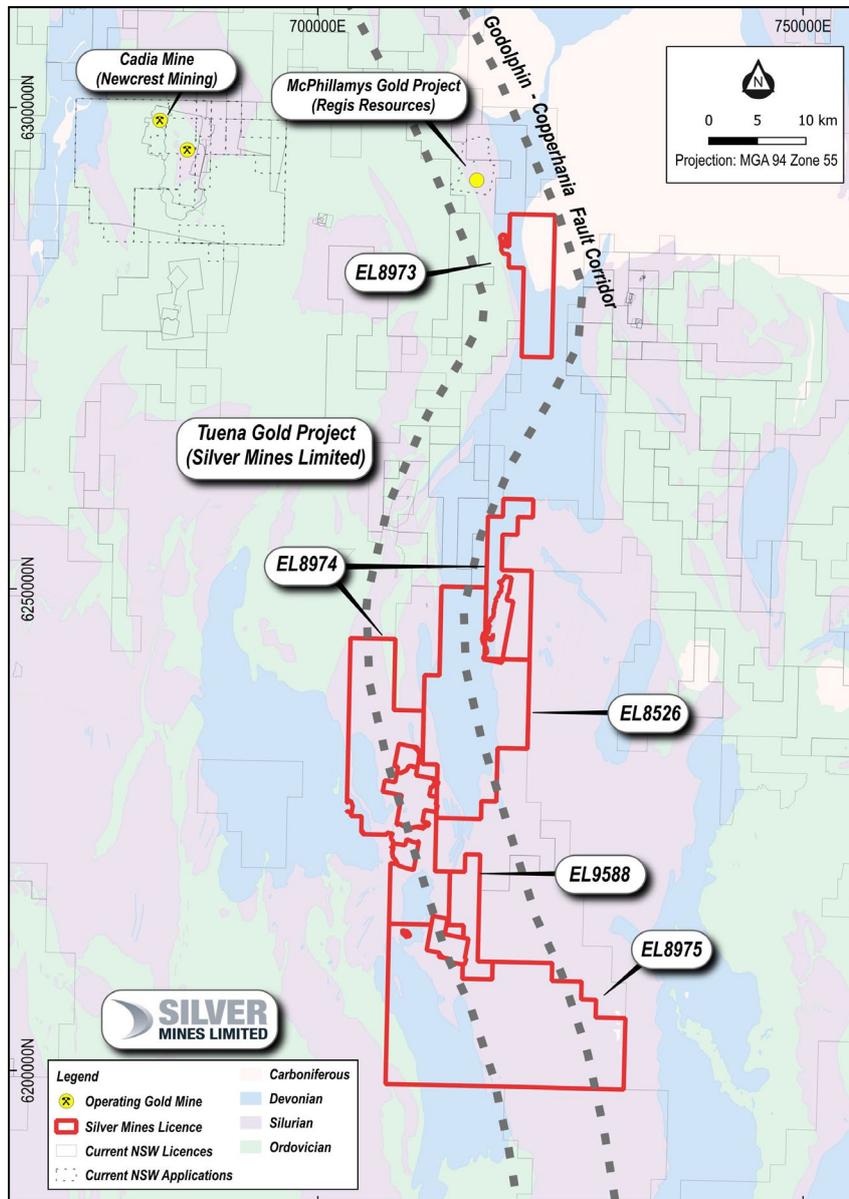


Figure 5: Map showing the Tuena Project

## **DIRECTORS' REPORT**

### **COMPETENT PERSONS STATEMENT**

The information in this report that relates to Mineral Resources and Ore Reserves within the Bowdens Silver Project is extracted from the ASX release titled "*Bowdens Silver Project Ore Reserves Increased to 71.7Moz Silver*" which was released on ASX on 20 December 2024 and as per the amended announcement released on 10 January 2025.

The information in this report that relates to Production Targets has been extracted from the Company's ASX Announcement "*Bowdens Optimisation Study Outlines Robust, High Margin Silver Project*" dated 20 December 2024. The Ore Reserves underpinning the production targets were prepared by a Competent Person in accordance with the JORC Code.

The information in this announcement that relates to Exploration Results has been extracted from various Silver Mines ASX announcements and are available to view on the Company's website at [www.silvermines.com.au](http://www.silvermines.com.au) or through the ASX website at [www.asx.com.au](http://www.asx.com.au) (using ticker code "SVL").

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources, Ore Reserves and Production Targets in the relevant market announcement continue to apply and have not materially changed.

The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

**DIRECTORS' REPORT****TENEMENT INFORMATION AS AT 31 DECEMBER 2024**

<b>Tenement</b>	<b>Project Name</b>	<b>Location</b>	<b>Silver Mines Ownership</b>
EL 5920	Bowdens Silver	NSW	100%
EL 6354	Bowdens Silver	NSW	100%
EL 8159	Bowdens Silver	NSW	100%
EL 8160	Bowdens Silver	NSW	100%
EL 8168	Bowdens Silver	NSW	100%
EL 8268	Bowdens Silver	NSW	100%
EL 8403	Bowdens Silver	NSW	100%
EL 8405	Bowdens Silver	NSW	100%
EL 8480	Bowdens Silver	NSW	100%
EL 8682	Bowdens Silver	NSW	100%
EL 9580	Bowdens Silver	NSW	100%
EL 8526	Tuena	NSW	100%
EL 8973	Tuena	NSW	100%
EL 8974	Tuena	NSW	100%
EL 8975	Tuena	NSW	100%
EL 9588	Tuena	NSW	100%

## **DIRECTORS' REPORT**

### **CORPORATE**

#### **Board Appointment**

During the Half Year Period, 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 Northwest 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).

#### **Placement**

On 10 December 2024, the Company announced that it had successfully completed a capital raising of \$25 million (before costs) ("Placement") to institutional and sophisticated investors. Demand for the Placement was well in excess of funds raised by the Company.

The Placement was conducted at an issue price of \$0.092 per share. The Placement was strongly supported by both existing and new investors.

The funds raised will be used predominately for:

- Bowdens Silver Project development consent approvals and engineering studies;
- community and freehold purchases including property purchase, water and biodiversity rights, and land access agreements;
- continued exploration for Resource growth across the Company's NSW tenements including the Company's Bara Creek Prospect and Tuena Project;
- business development opportunities; and
- general working capital.

Participants in the Placement received free options ("New Options") on a one (1) for three (3) basis, with each New Option being exercisable at \$0.1196 and expiring 18 months from the date of their issue being 17 June 2026.

The Placement resulted in the issue of 271,739,135 fully paid ordinary shares and 90,579,731 New Options.

Petra Capital acted as Sole Lead Manager and Sole Book-runner to the Placement.

#### **Convertible Debenture Funding**

During the Half Year Period, 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"), to raise A\$30.2 million in funding (before costs).

Subsequently on 10 December 2024, the Company announced that it had agreed to mutually terminate with immediate effect the Interim Debenture Agreement.

The mutual termination released all parties from all further obligations in relation to the Interim Debenture Agreement, and there were no break fees associated with the termination.

The Company decided that given the current status of its development application for the Bowdens Silver Project long-term equity capital was preferred over a convertible debt structure. The Placement also allows funds to be raised more expeditiously than the convertible debt structure which was subject to lengthy FIRB approvals.

No convertible debentures were issued by the Company in relation to the Interim Debenture Agreement.

### **Expiry of Options**

During the Half Year Period on 23 December 2024, the Company announced that 9,000,000 unlisted options expiring on 21 December 2024 with exercise price of \$0.30 expired.

### **Issue of Options Under Employee Incentive Plan**

On 18 December 2024, the Company issued 10,301,008 unlisted options to its employees and consultants pursuant to its Employee Incentive Plan.

The options form a new class of unquoted options with an exercise price of \$0.145 and an expiry date of 18 December 2027. The vesting conditions attaching to the options require participants to remain continuously employed or engaged with the Company for a period of one year from the date on which the options were issued.

None of the options were issued to directors, related parties or key management personnel of the Company.

## **DIRECTORS' REPORT**

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS DURING OR AFTER THE END OF THE REPORTING PERIOD**

Other than the issue of the shares and options listed in the report above, the Group did not have any significant changes in the state of its affairs during the Half Year Period and after the end of the Half Year Period.

### **EVENTS SUBSEQUENT TO REPORTING DATE**

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

## **DIRECTORS' REPORT**

### **AUDITORS INDEPENDENCE DECLARATION**

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

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



**Keith Perrett  
Chairman**

**13 March 2025**



**Jonathan Battershill  
Managing Director**



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

As lead auditor for the review of the half-year financial report of Silver Mines Limited for the half-year ended 31 December 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

*Ernst & Young*

Ernst & Young

A handwritten signature in black ink, appearing to read 'James Johnson', written over a light blue horizontal line.

James Johnson  
Partner  
Sydney  
13 March 2025



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

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the accompanying half-year financial report of Silver Mines Limited (the Company) and its controlled entities (collectively, the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, explanatory notes, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Basis for conclusion**

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

#### **Directors' responsibilities for the half-year financial report**

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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

*Ernst & Young*

Ernst & Young

A handwritten signature in black ink, appearing to read 'James Johnson', with a long, sweeping underline.

James Johnson  
Partner  
Sydney  
13 March 2025

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024**

	Notes	31-Dec-24 \$	31-Dec-23 \$
Revenue		65,057	149,402
Cost of sales		(21,227)	(86,844)
<b>Gross Profit from continuing operations</b>		<b>43,830</b>	<b>62,558</b>
Other income		16,688	903,269
Share registry and exchange fees		(146,258)	(130,338)
Auditors remuneration		(44,120)	(34,752)
Marketing expenses		(122,796)	(92,611)
Office expenses		(36,105)	(32,089)
IT and communication expenses		(8,423)	(10,306)
Depreciation expenses		(110,861)	(128,526)
Accounting services fees		(30,000)	(30,000)
Professional and technical advisors expenses		(558,585)	(445,697)
Employee benefits expenses		(472,266)	(267,914)
Travel and accommodation expenses		(201,057)	(100,604)
Share based payment		(367,828)	(124,891)
Farm operations		(44,888)	(119,532)
FV gain/loss on initial recognition of livestock		64,919	144,403
Other expenses		(131,344)	(263,613)
<b>Loss from continuing operations before interest and income tax</b>		<b>(2,149,094)</b>	<b>(670,643)</b>
Interest income		124,173	94,330
Finance costs		(1,752)	(3,158)
<b>Loss from continuing operations before income tax</b>		<b>(2,026,673)</b>	<b>(579,471)</b>
Income tax		-	-
<b>Loss from continuing operations after income tax</b>		<b>(2,026,673)</b>	<b>(579,471)</b>
Other comprehensive income		-	-
<b>Total comprehensive income (loss) (attributable to owners of the company)</b>		<b>(2,026,673)</b>	<b>(579,471)</b>
<b>Earnings per share (cents per share)</b>			
Basic & diluted earnings per share	16	(0.13)	(0.04)

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

## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION** **AS AT 31 DECEMBER 2024**

	Notes	31-Dec-24	30-Jun-24
		\$	\$
<b>Current assets</b>			
Cash and cash equivalent	3	27,140,351	10,805,188
Trade and other Receivables	4	409,143	275,007
Inventory - livestock	5	438,310	389,411
Financial assets	6	264,532	264,532
<b>Total current assets</b>		<b>28,252,336</b>	<b>11,734,138</b>
<b>Non-current assets</b>			
Prepayments	4	-	66,215
Financial assets	6	391,867	391,867
Deferred exploration and development expenditures	7	97,573,754	92,624,423
Intangible assets	8	1,936,992	1,846,992
Land and buildings	9	31,701,714	31,141,855
Property, plant and equipment	10	893,433	931,392
<b>Total non-current assets</b>		<b>132,497,760</b>	<b>127,002,744</b>
<b>Total assets</b>		<b>160,750,096</b>	<b>138,736,882</b>
<b>Current liabilities</b>			
Trade and other payables	11	1,101,343	873,865
Employee benefits provisions	12	280,782	252,666
<b>Total current liabilities</b>		<b>1,382,125</b>	<b>1,126,531</b>
<b>Total liabilities</b>		<b>1,382,125</b>	<b>1,126,531</b>
<b>Net assets</b>		<b>159,367,971</b>	<b>137,610,351</b>
<b>Equity</b>			
Contributed equity	15	202,534,990	179,118,526
Reserve	15	3,642,038	3,274,209
Accumulated losses		(46,809,057)	(44,782,384)
<b>Total Equity</b>		<b>159,367,971</b>	<b>137,610,351</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024**

Notes	Ordinary Shares \$	Share capital reserve \$	Share based payment reserve \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2023</b>	<b>165,667,656</b>	<b>2,000,000</b>	<b>821,907</b>	<b>(42,564,774)</b>	<b>125,924,789</b>
Loss for the period	-	-	-	(579,471)	(579,471)
Total comprehensive income	-	-	-	(579,471)	(579,471)
Share-based payments	-	-	124,891	-	124,891
<b>Balance at 31 December 2023</b>	<b>165,667,656</b>	<b>2,000,000</b>	<b>946,798</b>	<b>(43,144,245)</b>	<b>125,470,209</b>
<b>Balance at 1 July 2024</b>	<b>179,118,526</b>	<b>2,000,000</b>	<b>1,274,209</b>	<b>(44,782,384)</b>	<b>137,610,351</b>
Loss for the period	-	-	-	(2,026,673)	(2,026,673)
Total comprehensive income	-	-	-	(2,026,673)	(2,026,673)
Share-based payments	-	-	367,829	-	367,829
Equity funds received, issue of shares	25,000,000	-	-	-	25,000,000
Costs of funds raised	(1,583,536)	-	-	-	(1,583,536)
<b>Balance at 31 December 2024</b>	<b>202,534,900</b>	<b>2,000,000</b>	<b>1,642,038</b>	<b>(46,809,057)</b>	<b>159,367,971</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2024**

	Notes	31-Dec-24 \$	31-Dec-23 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		81,679	185,882
Payments to suppliers & employees		(1,760,741)	(1,633,003)
Payments to farm operational expenses		(36,436)	(223,865)
Interest received		124,173	94,330
Grant received		-	150,000
Net cash outflows from operating activities		<u>(1,591,325)</u>	<u>(1,426,656)</u>
<b>Cash flows from investing activities</b>			
Payments for deferred exploration		(4,849,425)	(5,438,662)
Security bond deposit		-	(10,000)
Payment to acquire intangible		(90,000)	(1,448,946)
Payment for property, plant and equipment		(550,550)	(1,661,887)
Proceeds from Investment on preference shares		-	5,327,479
Net cash outflows from investing activities		<u>(5,489,975)</u>	<u>(3,232,016)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		25,000,000	-
Payments for capital raising costs		(1,583,537)	-
Net cash outflows from financing activities		<u>23,416,463</u>	<u>-</u>
<b>Net (decrease)/increase in cash and cash equivalent</b>		<b>16,335,163</b>	<b>(4,658,672)</b>
Cash and cash equivalent at the beginning of the financial year		<u>10,805,188</u>	<u>8,051,445</u>
<b>Cash and cash equivalent at the end of the financial year</b>	<b>3</b>	<b><u>27,140,351</u></b>	<b><u>3,392,773</u></b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2024**

**NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION**

**a. Basis of Preparation**

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

The interim financial report is intended to provide users with an update on the latest annual financial statements of Silver Mines Limited and its controlled entities. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the group for the year ended 30 June 2024, together with any public announcements made during the Half Year Period.

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

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

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

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

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the Group's annual financial statements for the half year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

The critical estimates and judgments are consistent with those applied and disclosed in the June 2024 annual report.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE HALF-YEAR ENDED 31 DECEMBER 2024**

#### **NOTE 2: OPERATING SEGMENTS**

##### **Identification of reportable operating segments**

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

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

##### **a) Segment performance continuing operations**

For the year ended 31 December 2024	Mining and Exploration Operations	Agriculture Operations	Total
	\$	\$	\$
Revenue	-	65,057	65,057
Rental income/Other income	-	16,688	16,688
Total segment revenue	-	81,745	81,745
Inter-segment elimination			-
<b>Total group revenue</b>			<b>81,745</b>
EBITDA <sup>4</sup>	(2,111,397)	73,164	(2,038,233)
<i>Unallocated expense</i>			
Depreciation	-	-	(110,861)
Interest income	-	-	124,173
Finance costs	-	-	(1,752)
<b>Profit (Loss) before income tax</b>	-	-	<b>(2,026,673)</b>
Income tax expense	-	-	-
<b>Profit (Loss) after income tax expense</b>	-	-	<b>(2,026,673)</b>

<sup>4</sup> EBITDA is a non-IFRS measure

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

### NOTE 2: OPERATING SEGMENTS (continued)

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

#### b) Segment assets

For the year ended 31 December 2024	Mining and Exploration Operations	Agriculture Operations	Total
	\$	\$	\$
Segment assets	106,191,256	1,417,610	107,608,866
Inter-segment eliminations	(7,807,710)	(895,659)	(8,703,369)
Total	98,383,546	521,951	98,905,497
<i>Unallocated assets</i>			
Cash and cash equivalent	-	-	27,140,351
Receivables	-	-	409,143
Financial assets	-	-	391,867
Intangible assets	-	-	1,936,992
Investment in Listed Shares	-	-	263,500
Investment in Unlisted Options	-	-	1,032
Land and buildings	-	-	31,701,714
<b>Total assets</b>	-	-	<b>160,750,096</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2024**

**NOTE 2: OPERATING SEGMENTS (continued)**

For the year ended 31 December 2023	Mining and Exploration Operations	Agriculture Operations	Total
	\$	\$	\$
Segment assets	96,439,100	1,388,320	97,827,420
Inter-segment eliminations	(7,762,830)	(903,865)	(8,666,695)
<b>Total</b>	<b>88,676,270</b>	<b>484,455</b>	<b>89,160,725</b>
<i>Unallocated assets</i>			
Cash and cash equivalent	-	-	3,392,773
Receivables	-	-	253,095
Other assets	-	-	136
Financial assets	-	-	391,867
Right of use assets	-	-	64,000
Intangible assets	-	-	1,656,564
Investment in Listed Shares	-	-	263,500
Investment in Unlisted Options	-	-	1,032
Land and buildings	-	-	31,172,100
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>126,355,792</b>

**(c) Segment liabilities**

For the year ended 31 December 2024	Mining and Exploration Operations	Agriculture Operations	Total
	\$	\$	\$
Segment liabilities	1,963,996	7,840,717	9,804,713
Inter-segment eliminations	(895,659)	(7,807,711)	(8,703,370)
<b>Total</b>	<b>1,068,337</b>	<b>33,006</b>	<b>1,101,343</b>
<i>Unallocated liabilities</i>			
Employee provisions	-	-	280,782
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,382,125</b>

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024**
**NOTE 3: CASH AND CASH EQUIVALENTS**

	31-Dec-24	30-Jun-24
<b>Current</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	27,140,351	10,805,188
	<u>27,140,351</u>	<u>10,805,188</u>

**NOTE 4: TRADE AND OTHER RECEIVABLES**

	31-Dec-24	30-Jun-24
<b>Current</b>	<b>\$</b>	<b>\$</b>
GST	279,778	101,675
Prepayment	49,299	93,332
Other receivables	80,066	80,000
	<u>409,143</u>	<u>275,007</u>
<b>Non-Current</b>	<b>\$</b>	<b>\$</b>
Prepayment	-	66,215
	<u>-</u>	<u>66,215</u>

**NOTE 5: INVENTORY - LIVESTOCK**

	31-Dec-24	30-Jun-24
<b>Current</b>	<b>\$</b>	<b>\$</b>
Livestock	438,310	389,411
	<u>438,310</u>	<u>389,411</u>

**NOTE 6: FINANCIAL ASSETS**

	31-Dec-24	30-Jun-24
<b>Current</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets at fair value through profit and loss</b>		
Investment in Listed Shares	263,500	263,500
Investment in Unlisted Options	1,032	1,032
	<u>264,532</u>	<u>264,532</u>
<b>Non-Current</b>	<b>\$</b>	<b>\$</b>
Performance guarantee bonds	391,867	391,867
	<u>391,867</u>	<u>391,867</u>

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2024**

### **NOTE 7: DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURE**

	<b>31-Dec-24</b>	<b>30-Jun-24</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current</b>		
Exploration expenditures		
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phase		
Opening balance	92,624,423	82,513,669
Expenditure in the period	4,949,331	10,110,754
<b>Closing balance</b>	<b>97,573,754</b>	<b>92,624,423</b>

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, following the decision by the NSW Court of Appeal (“Court of Appeal”) in August 2024 to set aside the Bowdens' development consent provided by the IPC, the NSW Minister for Planning and Public Spaces Paul Scully has legislated important amendments to the Environmental Planning and Assessment Act 1979 (NSW). The amended legislation empowers the Planning Secretary to declare which part of a project does or does not form part of a single proposed development for the purposes of Part 4 planning approvals.

This helps to reinstate the general approach taken to the planning assessment of State Significant Development (SSD) projects, such as Bowdens', prior to the Court's decision. The Company now has a clear pathway to work through, in consultation with the DPHI, to seek reinstatement of the development consent for the Bowdens Silver Project, according to the new laws.

The Company is now working with the DPHI and other government departments with respect to its existing Development Application (“DA”). As previously reported to the market, advice received by the Company is that the Bowdens DA remains on foot and has not been finally determined by the consent authority, the IPC.

The new laws apply to a future assessment of the Company's existing DA for the Bowdens Silver Project. Silver Mines does not consider the decision of the Court of Appeal an indicator of impairment.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

### NOTE 8: INTANGIBLE ASSETS

	31-Dec-24	30-Jun-24
	\$	\$
<b>Non-current</b>		
Opening balance	1,846,992	415,663
Additions	90,000	3,062,508
Transfer	-	(1,631,179)
Closing balance	<u>1,936,992</u>	<u>1,846,992</u>

The Group has entered into a number of option agreements to purchase properties attaching to the tenements. As consideration for these agreements, the Group has paid total option fees of \$90,000 (June 2024: \$3,062,508) during the period.

### NOTE 9: LAND AND BUILDINGS

	31-Dec-24	30-Jun-24
	\$	\$
<b>Non-current</b>		
Properties at cost	32,655,545	32,055,912
Accumulated Depreciation	(953,831)	(914,057)
	<u>31,701,714</u>	<u>31,141,855</u>

	Land	Buildings	Buildings improvements	Total
	\$	\$	\$	\$
<b>Cost or valuation</b>				
Balance at 1 July 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
<b>Balance at 30 June 2024</b>	<u>28,824,395</u>	<u>2,441,083</u>	<u>790,434</u>	<u>32,055,912</u>
Additions	536,626	-	63,007	599,633
<b>Balance at 31 Dec 2024</b>	<u>29,361,021</u>	<u>2,441,083</u>	<u>853,441</u>	<u>32,655,545</u>
<b>Depreciation and impairment</b>				
Balance at 1 July 2023	-	129,928	691,897	821,825
Depreciation charge for the year	-	80,090	12,142	92,232
<b>Balance at 30 June 2024</b>	<u>-</u>	<u>210,018</u>	<u>704,039</u>	<u>914,057</u>
Depreciation charge for the year	-	30,764	9,010	39,774
<b>Balance at 31 Dec 2024</b>	<u>-</u>	<u>240,782</u>	<u>713,049</u>	<u>953,831</u>
<b>Net book value</b>				
At 1 July 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
At 31 Dec 2024	29,361,021	2,200,301	140,392	31,701,714

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

### NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	31-Dec-24	30-Jun-24
	\$	\$
Plant and equipment - at cost	2,075,768	2,042,639
Less: accumulated depreciation	(1,182,335)	(1,111,247)
	<b>893,433</b>	<b>931,392</b>

#### Reconciliations

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

	Plant & Mining Equipment	Office & Camp Equipment	Road	Motor Vehicles	Other Assets - Farming	Right of use Assets	Computer Equipment	Total
Cost or valuation	\$	\$		\$	\$	\$	\$	
Balance at 1 July 2023	429,722	293,488	-	669,032	117,370	3,302,347	81,699	4,893,658
Additions	13,299	14,234	100,938	264,065	13,495	-	3,024	409,055
Reversal	-	-	-	-	-	(3,227,347) <sup>5</sup>	-	(3,227,347)
Disposal	-	-	-	(32,727)	-	-	-	(32,727)
<b>Balance at 30 June 2024</b>	<b>443,021</b>	<b>307,722</b>	<b>100,938</b>	<b>900,370</b>	<b>130,865</b>	<b>75,000</b>	<b>84,723</b>	<b>2,042,639</b>
Additions	9,160	1,646	2,220	-	18,968	-	1,135	33,129
<b>Balance at 31 Dec 2024</b>	<b>452,181</b>	<b>309,368</b>	<b>103,158</b>	<b>900,370</b>	<b>149,833</b>	<b>75,000</b>	<b>85,858</b>	<b>2,075,768</b>
<b>Depreciation and impairment</b>								
Balance at 1 July 2023	342,860	273,824	-	263,635	43,913	418,297	75,131	1,417,660
Reversal of depreciation	-	-	-	-	-	(418,297)	-	(418,297)
Depreciation charge for the year	20,054	7,058	-	55,016	10,782	12,500	6,474	111,884
<b>Balance at 30 June 2024</b>	<b>362,914</b>	<b>280,882</b>	<b>-</b>	<b>318,651</b>	<b>54,695</b>	<b>12,500</b>	<b>81,605</b>	<b>1,111,247</b>
Depreciation charge for the year	8,433	4,963	-	50,496	5,132	1,500	563	71,088
<b>Balance at 31 Dec 2024</b>	<b>371,348</b>	<b>285,845</b>	<b>-</b>	<b>369,147</b>	<b>59,827</b>	<b>14,000</b>	<b>82,168</b>	<b>1,182,335</b>
<b>Net book value</b>								
At 1 July 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	3,119	931,392
At 31 Dec 2024	80,833	23,523	103,158	531,223	90,005	61,000	3,690	893,433

<sup>5</sup>During the year ended 30 June 2024, the Company reassessed its obligations under the existing Lease arrangement resulting in derecognition of lease liability and right-of-use asset.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2024**

### **NOTE 10: PROPERTY, PLANT AND EQUIPMENT (continued)**

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

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

In the prior period, the Company reassessed its obligations under the existing lease arrangement, resulting in derecognition of lease liability and right-of-use asset. This evaluation led to the recognition of a net gain of \$715,000 as other income in the profit and loss statement for that same period.

### **NOTE 11: TRADE AND OTHER PAYABLES**

	<b>31-Dec-24</b>	<b>30-Jun-24</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Trade creditors and accruals	1,101,343	873,865
<b>Total</b>	<b>1,101,343</b>	<b>873,865</b>

### **NOTE 12: EMPLOYEE BENEFITS PROVISIONS**

	<b>31-Dec-24</b>	<b>30-Jun-24</b>
<b>Current</b>	<b>\$</b>	<b>\$</b>
Employee benefits provisions	280,782	252,666
<b>Total</b>	<b>280,782</b>	<b>252,666</b>

#### *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 HALF-YEAR ENDED 31 DECEMBER 2024

### NOTE 13 LEASE LIABILITY

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

	31-Dec-24	30-Jun-24
	\$	\$
Depreciation expenses	1,500	12,500
<b>Total</b>	<b>1,500</b>	<b>12,500</b>

### NOTE 14: SHARE-BASED PAYMENTS

In December 2024, 10,301,008 share options were granted to the eligible employees of the Company under the Employee Share Option Plan. The exercise price of the options of \$0.145. The options vest if the options holder remains continually employed or engaged by the Company for at least one year from the date of issue of the options before options can be exercised by the holders. If this vesting condition is not met, the options lapse. The fair value at grant date is estimated using a black scholes model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is three years. There is no cash settlement of the options. The fair value of options granted during the six months ended 31 December 2024 was estimated on the date of grant using the following assumptions:

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
18-Dec-24	18-Dec-27	10,301,008	\$ 0.085	\$ 0.145	96.70%	2.60%	\$ 0.0425

For the six months ended 31 December 2024, the Group has recognised \$15,583 of share-based payment expense in the statement of profit or loss.

### NOTE 15: CAPITAL AND RESERVES

#### (a) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	\$
<b>1-Jul-23</b>		<b>1,404,332,143</b>		<b>165,667,656</b>
Feb 2024	Capital raising	59,259,260	0.135	8,000,000
Mar 2024	Capital raising	44,444,854	0.135	6,000,002
Mar 2024	Capital Raising Fee	-	-	(549,132)
<b>30-Jun-24</b>		<b>1,508,036,257</b>		<b>179,118,527</b>
Dec 2024	Capital raising <sup>6</sup>	271,739,135	0.092	25,000,000
Dec 2024	Capital Raising Fee	-	-	(1,583,537)
<b>31-Dec-24</b>		<b>1,779,775,392</b>		<b>202,534,990</b>

<sup>6</sup> During the year ended December 31, 2024, the Company issued 90,579,712 free attaching options to investors as part of a Placement.

Terms of the Options:  
Exercise Price: \$0.1196 per share  
Expiration Date: 17 June 2026  
Conditions: Options are exercisable at any time before expiration.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2024**
**NOTE 15: CAPITAL AND RESERVES (continued)****(b) Reserves**

	<b>31-Dec-24</b>	<b>30-Jun-24</b>
	<b>\$</b>	<b>\$</b>
<b>Movements in reserves</b>		
Balance at the beginning of the financial year	3,274,209	2,821,907
Share based payment reserve movement	140,474	248,425
Performance rights movement	227,355	203,877
<b>Balance at the end of the financial year</b>	<b>3,642,038</b>	<b>3,274,209</b>

**NOTE 16: EARNINGS PER SHARE**

	<b>31-Dec-24</b>	<b>31-Dec-23</b>
	<b>\$</b>	<b>\$</b>
<b>a. Reconciliation of earnings to profit or loss</b>		
Loss used in the calculation of basic and dilutive earnings per share	(2,026,673)	(579,471)
	<b>No. of shares</b>	<b>No. of shares</b>
<b>b. Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share</b>	<b>1,544,957,335</b>	<b>1,404,332,143</b>
Basic and Diluted Earnings Per Share (cents)	(0.13)	(0.04)

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE HALF-YEAR ENDED 31 DECEMBER 2024****NOTE 17: COMMITMENTS**

	<b>31-Dec-24</b>	<b>30-Jun-24</b>
	<b>\$</b>	<b>\$</b>
<i>Capital commitments- option<sup>1</sup></i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Option Purchase:	5,185,000	5,275,000
Land Purchase:	-	576,000
<b>Total</b>	<b>5,185,000</b>	<b>5,851,000</b>
Proposed expenditure on tenements <sup>2</sup>	2,750,996	3,571,500
Proposed expenditure on native title	250,000	250,000
<b>Tenement minimum spend for a year</b>	<b>3,000,996</b>	<b>3,821,500</b>

<sup>1</sup>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 capitalised as intangible assets in Note 8 will be written off through the Profit and Loss statement.

	<b>Less than1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying amount</b>
Capital Commitment	5,080,000	105,000	-	-	5,185,000	5,185,000

<sup>2</sup>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.

**NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE**

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

**DIRECTORS' DECLARATION**

In the directors' opinion:

- 1 the financial statements and notes, as set out on pages 23 to 38 are in accordance with the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements:
  - (a) comply with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) give a true and fair view of the financial position as at 31 December 2024 and of the performance for the half-year ended on that date of the Group;
- 2 in the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



**Keith Perrett**  
Chairman

**13 March 2025**



**Jonathan Battershill**  
Managing Director