

To: Company Announcements Officer  
 Australian Securities Exchange

20<sup>th</sup> May 2010.

**BONANZA GRADE SILVER CONFIRMED BY LAB ASSAYS -  
 UP TO 197 OUNCES PER TONNE SILVER.**

- Laboratory assays confirm bonanza grades in RC076 previously announced on 21<sup>st</sup> April 2010.
- **RC076** returned a 25m downhole intersection at an average silver grade of 1,175 g/t silver.
- **The highest grade intersection was 1m at 6,150 g/t silver, 5.7% copper and 7.9% zinc.**
- Table 1 below details the intersection in RC076

Depth Downhole (From m-To m)	Interval (m downhole) <sup>#</sup>	Ag g/t	Cu %	Zn %
<b>146-171</b>	<b>25</b>	<b>1,175</b>	<b>1.3</b>	<b>4.3</b>
<b>This interval includes the following intersections</b>				
incl. 150-151	1	2,010	1.5	3.1
incl. 156-167	11	2,264	2.1	6.4
incl. 162-163	1	6,150	5.7	7.9
incl. 163-164	1	4,190	3.9	11.7

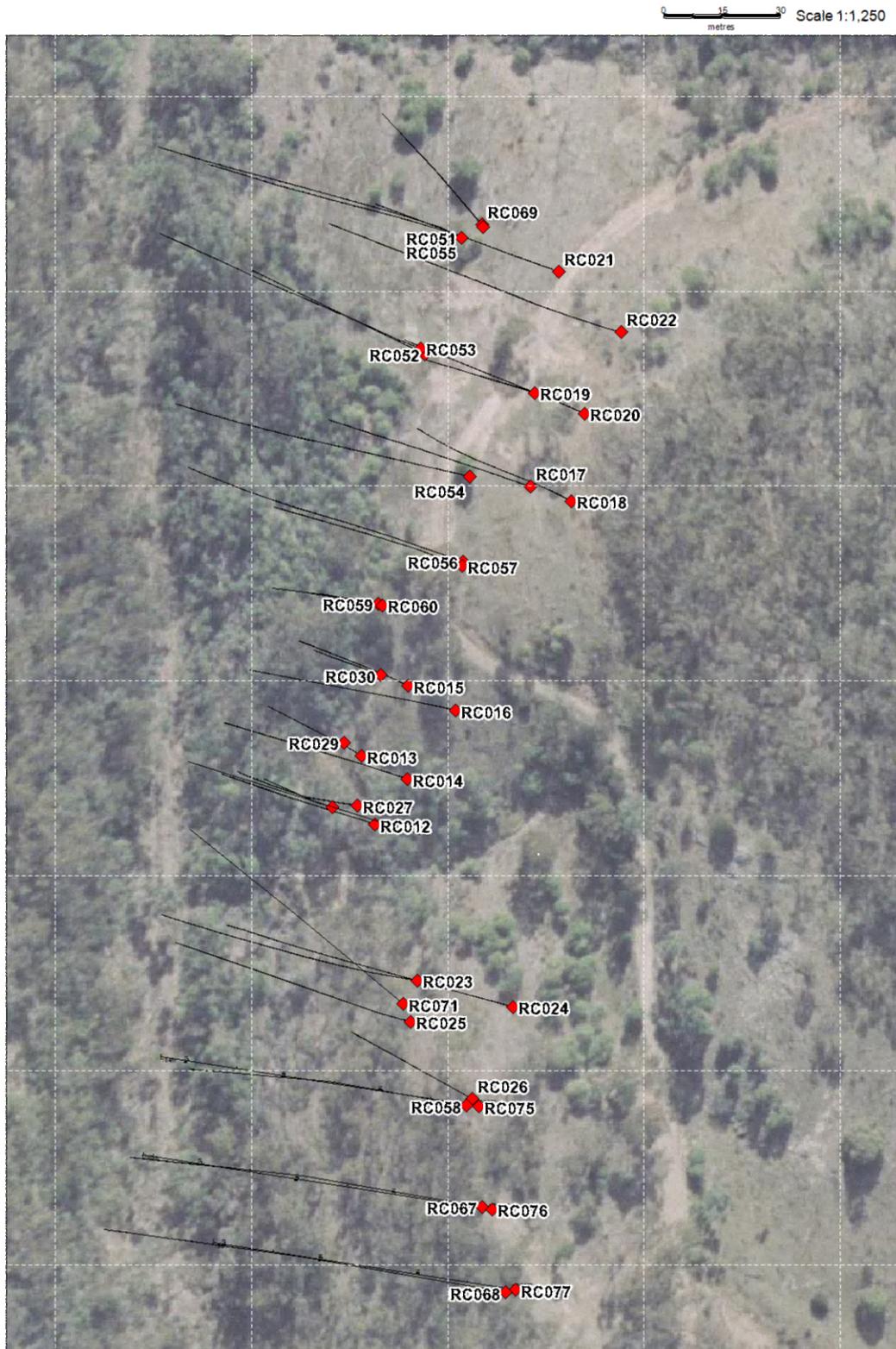
**Table 1: RC076 mineralised intersection.**

*# Downhole intersections are NOT true widths due to the geometry of the lodes and angle of intersection of the drill hole. True widths are estimated to be half to one third of downhole interval.*

Silver Mines Limited (SVL) is pleased to announce that lab assays have been received for RC076 (previously reported using a Niton XRF Analyser) and confirm the bonanza silver grades previously announced on April 21. See Table 1 above. The results are considered excellent with the confirmation of previously released results, particularly silver grades very encouraging. Drilling is now continuing at the Webbs Silver Project.

The program is designed to test readily accessible geophysical anomalies on the Webbs Silver North prospect approximately 100m north of the historical underground mine shaft where a number of chargeable anomalies have been delineated using induced polarisation (IP) geophysics. An additional IP survey was completed last week with an updated model expected shortly. Further drilling results will be released over the coming weeks as assays are received.

Map 1: Webbs Silver South Prospect RC Drill Holes



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*The information in this report that relates to Exploration Results is based on information compiled by Charles Straw, consulting geologist and CEO, who is a Member of The Australasian Institute of Mining and Metallurgy. Charles Straw has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Charles Straw consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*