

27 January 2021

Company Announcement Officer
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Update Sale of Webbs and Conrad Projects, New South Wales

Following a binding Term Sheet which was announced on 12th November 2020, Silver Mines Limited (ASX:SVL) (“Silver Mines” or “the Company”) is pleased to announce that it has entered into definitive agreements with Thomson Resources Limited (ASX:TMZ) (“Thomson Resources”) for the sale of Silver Mines’ 100% interests in the Webbs Silver/Polymetallic Project (“Webbs”) and the Conrad Silver/Polymetallic Project (“Conrad”), both located in the New England region of New South Wales.

Transaction

Thomson Resources will acquire 100% of the interests in the Webbs and Conrad projects along with associated information, cash security bonds and agreements by acquiring all the issued share capital in Webbs Resources Pty Ltd and Conrad Resources Pty Ltd (“Sale Interest”).

The Consideration for the Sale Interest will comprise:

- (a) a non-refundable payment of A\$50,000 to be paid to Silver Mines within five Business Days of signing the binding Term Sheet (paid);
- (b) a payment equivalent to the cash rehabilitation bonds in place at Completion and the replacement of any non-cash rehabilitation bonds (currently, the aggregate of both types of rehabilitation bonds is approximately \$269,000);
- (c) Share Consideration of 75,000,000 fully-paid ordinary shares (with a current market value of approximately A\$9.4 million) in Thomson Resources escrowed for 12 months from the date of issue;
- (b) Option Consideration of 50,000,000 Options with: an exercise price of \$0.124 per option; an expiry date of 3 years from the date of issue; vesting 12 months after the date of issue; and which shall be issued on Completion;

Both parties have completed due diligence and have elected to proceed with the transaction.

Completion is subject to a number of conditions precedent including:

- (a) Approval from shareholders of Thomson Resources to the issue of the equity part of the Consideration including for the purposes of Listing Rule 7.1;
- (b) stand-still obligations; and
- (c) any Ministerial approvals required.

On an undiluted basis Silver Mines will hold an interest in Thomson Resources equating to approximately 19%. On Completion, Thomson Resources will appoint Silver Mines Managing Director Anthony McClure to the Board of Thomson Resources as a non-executive director.

Further information can be viewed in the Thomson Resources ASX release of 27th January 2021.

This document has been authorised for release to the ASX by the Company's Managing Director, Mr Anthony McClure.

Further information:

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