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Company Announcement Officer
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Scoping Study Begins on Underground Mining Scenarios at Bowdens Silver

HIGHLIGHTS

- **With ongoing outstanding drilling success, a Scoping Study for potential underground mining scenarios at Bowdens Silver has commenced.**
- **The Scoping Study is separate to and does not affect the current late-stage approval process for Bowden's Silver open-pit development.**
- **An underground Mineral Resource preliminary assessment has also commenced and will operate concurrently with the 30,000 metre diamond drilling program.**
- **Recent drilling at the Northwest High-Grade Zone, the Aegean Zone and the Bundara Zone has demonstrated considerable high-grade potential immediately beneath the current Ore Reserve for the proposed open-pit mine development.**
- **The reporting of drilling results will continue until at least the end of the 2021 calendar year.**
- **The Mineral Resource assessment and Scoping Study will be complete post the drilling phase, likely in the March quarter 2022.**
- **Drilling continues with four rigs operational on site.**

Introduction

Silver Mines Limited (ASX:SVL) ("Silver Mines" or "the Company") is pleased to announce it has commissioned a Scoping Study and associated Mineral Resources assessment for potential underground mining scenarios at the Bowdens Silver Project located near Mudgee in New South Wales.

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Silver Mines Managing Director Anthony McClure stated, “this is a substantial moment in the evolution of the Bowdens Silver Project. Drilling in three zones directly beneath our open-pit Ore Reserves has shown considerable high-grade silver success and over substantial widths. This success allows us to move rapidly to commence a preliminary Mineral Resource assessment along with a Scoping Study for potential underground development scenarios. This program will not affect our current late-stage approval processes for the Bowdens Silver open-pit development.”

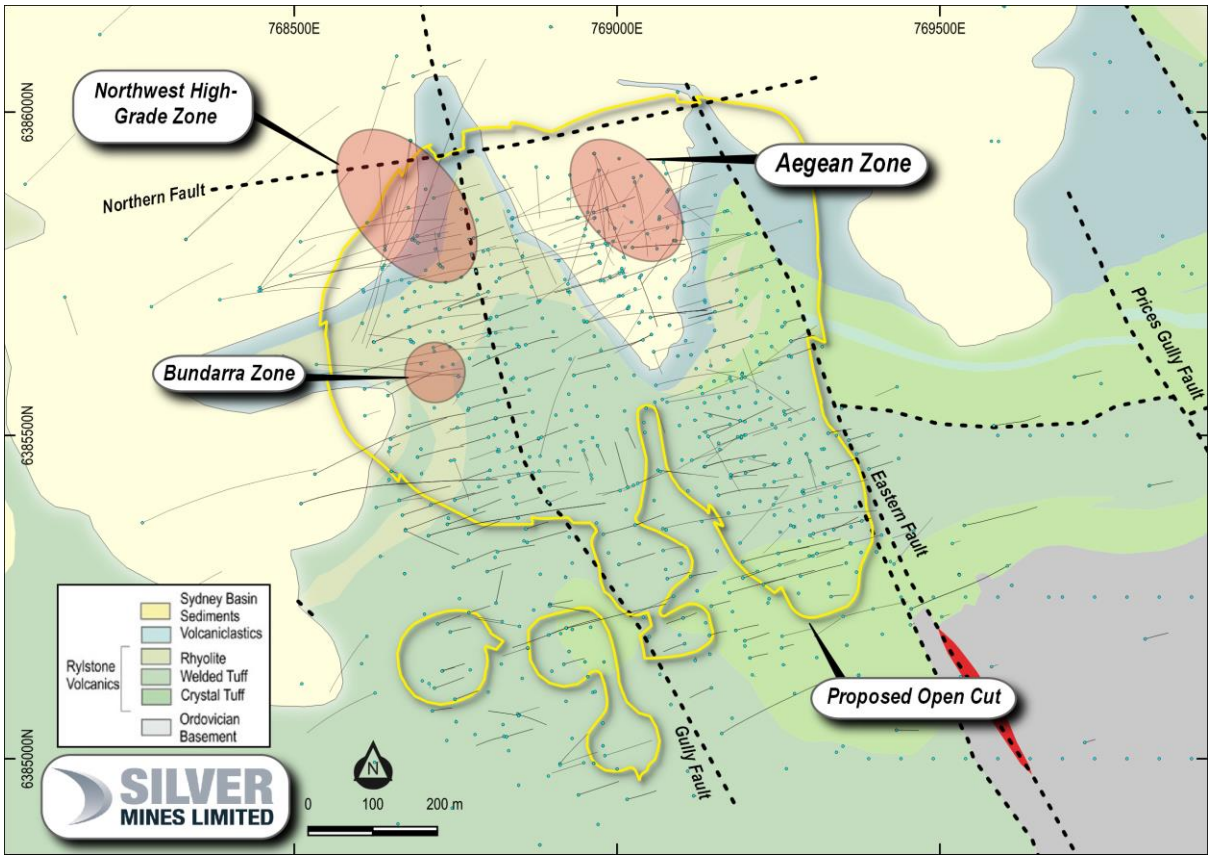


Figure 1. Reported drillhole locations and underground mining targets at the Bowdens Silver Project.

Mineral Resource Assessment and Scoping Study

Recent outstanding drilling results from the Bowdens Silver Project has prompted the Company to commence a Mineral Resource assessment and Scoping Study for potential underground mining scenarios. H&S Consultants who estimated the current JORC Mineral Resource for the Bowdens Silver Project, have been engaged to advise and undertake an assessment of high-grade silver drilling results to complete a Mineral Resource. This estimate will focus on mineralisation outside of the current open-pit Ore Reserve and will include the Northwest High-Grade Zone, the Aegean Zone and the Bundarra Zone (refer to Figure 1).

The Scoping Study will commence immediately and will complete subject to final results of the drilling program and the Mineral Resource assessment which are scheduled to be completed later in the 2021 calendar year.

The Scoping Study will be undertaken by;

- GR Engineering Services Limited - Project Lead and Engineering;
- Entech Pty Ltd - Mine Design;
- KYSPYmet - Metallurgy
- Neville Bergin - Project Management

The Scoping Study will consider potential underground mining scenarios beneath the planned open-pit development currently undergoing final processes for mine approvals. Although yet to be determined, a concept may be for a planned underground development to commence operations in around years 3-4 of the open-pit development to supplement plant feed with high-grade material at a rate of up to 500,000 tonnes per year. An alternative would be for an underground development at the end of the open-pit mine life.

The 30,000 metre drilling program, the Resource Assessment and Scoping Study will not have any effects on the ongoing approval process for the Bowdens Silver open-pit development currently before the New South Wales Department of Planning, Industry and Environment.

Silver Mines Managing Director Anthony McClure added, “assuming the ongoing success of the current drilling, the Mineral Resource Assessment and the Scoping Study, we would then look to a potential Feasibility Study and other assessments for a potential underground development. Although we have much work to do to demonstrate an economic underground project, the results to date are so highly encouraging, that we have elected to move rapidly to commence the Mineral Resource Assessment and Scoping Study while the on-site drilling program continues.”

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About the Bowdens Silver Project

The Bowdens Silver Project is located in central New South Wales, approximately 26 kilometres east of Mudgee (refer to Figure 2). The consolidated project area comprises 2,007 km^2 (496,000 acres) of titles covering approximately 80 kilometres of strike of the highly mineralised Rylstone Volcanics. Multiple target styles and mineral occurrences have potential throughout the district including analogues to Bowdens Silver, high-grade silver-lead-zinc epithermal and volcanogenic massive sulphide (VMS) systems and copper-gold targets.

Bowdens Silver is the largest undeveloped silver deposit in Australia with substantial resources and a considerable body of high-quality technical work already completed. The projects boast outstanding logistics for future mine development.

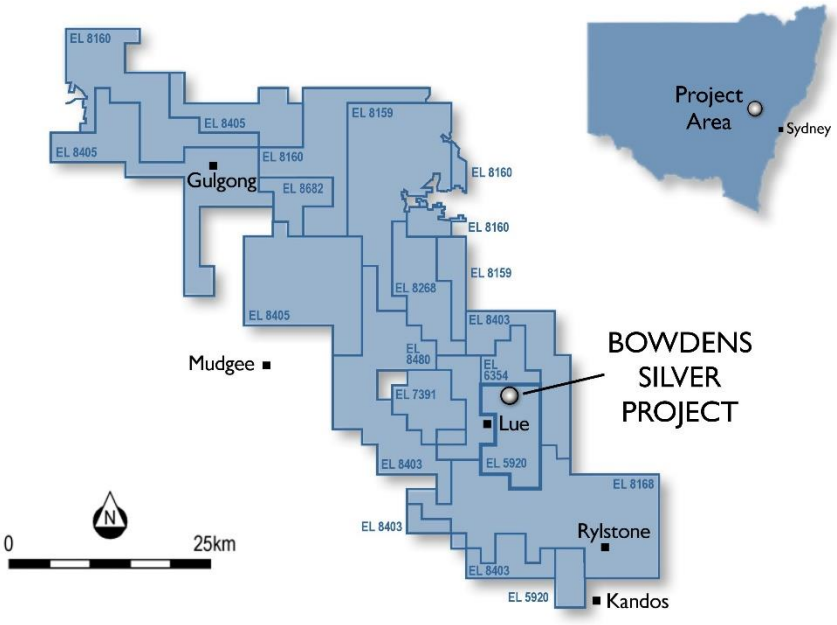


Figure 2: Silver Mines Limited tenement holdings in the Mudgee district.

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

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