

15 July 2016

## **BOWDENS SILVER PROJECT UPDATE**

### **Highlights**

- **Silver Mines is fully funded for recommencement of activities at Bowdens Silver**
- **The Company's primary objective is mine development with immediate focus on completion of the Feasibility Study and Environmental Impact Statement**
- **Drilling to commence in the current quarter with a focus on resource expansion and upgrade**

### **Recommencement of work at Bowdens**

Silver Mines Limited (ASX:SVL) ("Silver Mines" or "the Company") is pleased to advise on the recommencement of activities at its flagship Bowdens Silver Project ("Bowdens Silver") located near Mudgee, New South Wales.

The Company's immediate focus is on recommencing work related to the Feasibility Study and the Environmental Impact Statement. Planning is advanced for the recommencement of activities with a target of pre-feasibility completion towards the end of the current half year and EIS completion during the first half 2017.

### **Feasibility Study**

Bowdens Silver has had a very substantial body of work completed covering all aspects of mine development. The components of the Feasibility Study are currently being revised and evaluated in conjunction with the Company's consultants.

The priority for Silver Mines is to fast-track mine development. Part of the reassessment of the project and the feasibility works is to examine a more capital cost effective development with enhanced project economics. Pre-feasibility works are expected to be completed by end of the current half year.

### **Environmental Impact Study**

Environmental Impact Study work to date has been comprehensive. Many elements requiring significant lead time have been mostly completed or are well advanced allowing the Company to expedite lodgement.

Planning for the revision and update of the previous work is advanced and will comprise certain modifications to align with the Feasibility Study program.

As part of the Environmental Impact Statement, Silver Mines will continue and expand upon all considerations with State and Local Government along with all stakeholders and community and interest groups.

The Company is targeting Environmental Impact Statement lodgement in first half 2017.

### **Upcoming Drilling and Exploration Programs**

Planning is well advanced for the commencement of a significant drilling campaign. The focus of the program includes:

- increase silver resources within and in the immediate vicinity of the current resource area;
- convert silver resources to higher levels of confidence as part of the Feasibility Study program;
- further drilling of advanced exploration targets where substantial silver mineralisation has been discovered but yet to be fully evaluated; and
- further explore the potential for high grade mineralisation including zones containing gold as well as silver at depth below the current resource area.

The Company is also planning regional geophysical surveys over prospective corridors, and a number of sampling and mapping programs over previously identified mineralised systems.

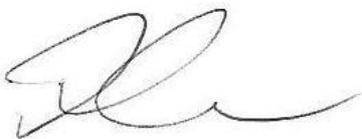
The first drilling program is expected to commence during the current quarter. Further details including descriptions of priority targets will be provided as work programs commence.

### **Bowdens Silver Project**

The Bowdens Silver Project is located in central New South Wales, approximately 26 kilometres east of Mudgee. The recently consolidated Project area comprises 1,654 km<sup>2</sup> (408,000 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 with a considerable body of high quality technical work already completed. The Projects boasts outstanding logistics for future mine development.

Yours faithfully



Trent Franklin  
Company Secretary

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### ***About Silver Mines Limited***

*The Silver Mines 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 and maximising leverage to an accretive silver price.*