

29 January 2020

Company Announcement Officer
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

SILVERSTREAM PURCHASES EXISTING BOWDENS SILVER ROYALTY

Highlights

- **SilverStream purchases an existing 0.85% royalty over Bowdens from Ochre Group Holdings for cash equivalent of approximately A\$3.03 million.**
- **Separately, the Company has purchased back a 1.0% royalty for approximately A\$1.9 million payable in Silver Mines Limited shares and options.**

Silver Mines Limited (ASX:SVL) (“Silver Mines”, “the Company”) is pleased to provide an update in regards to royalties applying to its 100%-owned Bowdens Silver Project, near Mudgee in central New South Wales.

SilverStream Transaction

Silver Mines has received notice from Ochre Group Holdings Ltd (“Ochre Group”) of a proposal to sell its historical 0.85% gross royalty over Bowdens and the wider project area to SilverStream SEZC (“SilverStream”). The proposed purchase consideration for the royalty is approximately A\$3.03 million at current USD/AUD exchange rates.

Under the terms of the royalty deed, Silver Mines had a Right of First Refusal (“ROFR”) over any proposed transaction concerning the royalty. Pursuant to this right, the Company has elected not to exercise its ROFR, and has provided notice to Ochre Group that it may proceed with the SilverStream transaction.

Cayman Islands-based SilverStream is a mining-focused royalty and streaming company that holds a basket of royalties covering precious, base, battery and specialty metals. Its portfolio consists of royalties and streams attached to both cash-flowing and longer-term growth oriented assets around the world. It is currently finalising its Initial Public Offering on the TSXV Exchange in Canada.

Silver Mines Managing Director, Anthony McClure, said: *“The Company is very excited to welcome SilverStream as a stakeholder and partner in the future development of the Bowdens*

Silver Project. SilverStream has a portfolio of royalty interests across Australia, North America and South America. The transaction represents a strong vindication of the Company's approach to the development of our assets, both at Bowdens and in the wider project area."

Kyle Floyd, CEO of SilverStream, said: *"The acquisition of the Bowdens and wider project area royalties provide SilverStream with substantial leverage to accretive silver prices over one of the largest undeveloped primary silver projects worldwide and adds significant upside exposure from a promising and highly prospective exploration package."*

Secondary Royalty Purchase

Separately, Silver Mines has entered into an agreement to purchase back a historical 1.0% gross revenue royalty over the Stage 1 production (approximately first four years) from the Bowdens Silver Project, amounting to the first 20 million ounces of silver produced (**Royalty Buy-Back**). The Royalty Buyback also includes revenue credits from zinc and lead production.

The Royalty Buy-Back from a private consortium will be settled by way of the issue of 12,000,000 ordinary fully paid shares in the Company at an issue price of \$0.10 each, and 12,000,000 SVLOB options at an issue price of \$0.06 each, for a total consideration of approximately A\$1.9 million (**Consideration**).

The Shares and Options will be issued using the Company's available Listing Rule 7.1 capacity.

The Royalty Buy-Back adds to the future robust cashflows of Bowdens Silver for the Company.

An Appendix 3B and Appendix 2A for the issue of the Consideration will immediately follow this announcement.

About the Bowdens Silver Project

The Bowdens Silver Project is located in central New South Wales, approximately 26 kilometres east of Mudgee (Figure 1). The consolidated project area comprises 2,007 km² (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.

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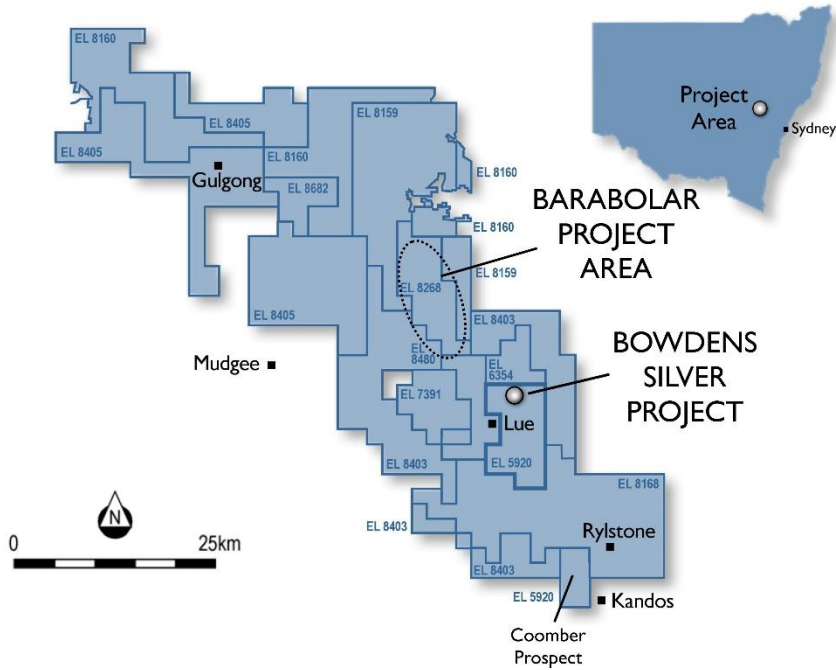


Figure 1. Silver Mines Limited tenement holdings in the Mudgee district.

Further information:

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