

30th June 2016

COMPLETION OF PURCHASE OF BOWDENS SILVER

Highlights

- **Purchase of Bowdens Silver from Kingsgate Consolidated is complete**
- **Renegotiation of terms allowing for Silver Mines to move to 100% ownership**
- **Company to provide an update on planning and processes to mine development and exploration works shortly**

Bowdens Silver Purchase Complete

On 3rd March 2016 Silver Mines Limited (ASX:SVL) ("Silver Mines" or "the Company") announced it had entered into a Sale and Purchase Agreement ("the Agreement") whereby it would acquire 85% of the Bowdens Silver Project in New South Wales from Kingsgate Consolidated Limited ("Kingsgate Consolidated") for total cash consideration of A\$20 million. Also refer to the Company's announcement of 21st June 2016 for further details. Under the Agreement Silver Mines and Kingsgate Consolidated would operate the Project on an unincorporated Joint Venture basis.

Silver Mines is pleased to advise that the purchase of Bowdens Silver was completed on 29th June 2016 through the payment of A\$18 million with A\$2 million having been previously paid by way of a deposit.

Purchase of Outstanding 15% Interest in Bowdens Silver

Silver Mines is also pleased to advise that it has entered into a Deed of Variation with Kingsgate Consolidated whereby:

- The acquisition price for the purchase of 100% of Bowdens Silver is varied to A\$25 million;
- Silver Mines now owns 100% of Bowdens;
- Silver Mines will pay the balance of A\$5 million by 30th September 2016, or such other date as may be agreed;
- Should the Company elect not to complete the final payment, the parties will form an unincorporated Joint Venture as originally contemplated under the Agreement.

Anthony McClure, Managing Director of Silver Mines, stated "The acquisition of the remaining interest in the Bowdens Silver Project results in the immediate expansion of the Company's attributable resource base. The consolidation simplifies and allows substantially greater flexibility around developing and financing the Bowdens Silver Project."

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About Bowdens Silver

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 km² (408,000 acres) of titles covering approximately 80 kilometres of strike of the highly mineralised Rylstone Volcanics.

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 Project boasts outstanding logistics for future mine development.

Yours faithfully

Silver Mines Limited



Trent Franklin
Company Secretary

Released: 30th June 2016

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.

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