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2 July 2025

Company Announcement Officer
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COMPLETION OF ACQUISITION OF CALICO NORTH PROJECT AND COMMENCEMENT OF KRAMER HILLS EARN-IN

HIGHLIGHTS

Overview

- Silver Mines completes the acquisition of the Calico North Project (Ag) and commences Earn-In to acquire up to an 80% interest in the Kramer Hills Project (Au-Ag) in San Bernardino County, California.
- Both projects host mineralisation with historical production, where kilometres of mineralised structures remain untested both near surface and at depth.
- Exploration activity to commence this quarter focusing on target generation through mapping and geophysics prior to drilling commencing in 2026.
- The transactions add low risk exploration optionality to the portfolio complementing our flagship Bowdens Silver Project, for which Development Consent and Mining Lease approvals remain our key focus in 2025.

Silver Mines Managing Director, Jo Battershill commented: *"The completion of the Calico North Acquisition and the commencement of the Kramer Hills Earn-In marks a pivotal step in Silver Mines' strategic growth and diversification. These projects significantly enhance our exploration portfolio, providing immediate exposure to two highly prospective brownfields assets in a tier-one jurisdiction.*

With the Bowdens Silver Project advancing toward production, we are excited to complement it with new discovery opportunities in the United States. Both projects offer compelling geology, scale potential, and historical data that support a strong case for systematic modern exploration. However, the Company remains committed to advancing the Bowdens Silver Project and this remains our flagship project and key focus for 2025.

Calico North contains extensive zones of high-grade silver-barite mineralisation near historic mines, yet the region has seen almost no exploration for nearly a century. Kramer Hills presents a walk-up gold target, with strong indications of extension both laterally and at depth.

Our team has already commenced planning geophysical and geological programs to generate and prioritise drill targets. These assets align with our strategy of identifying value-accretive opportunities with minimal upfront cost, meaningful upside potential, and strong strategic fit.

We look forward to unlocking their value for shareholders."

Introduction

Further to its announcement on 12 June 2025, Silver Mines Limited (ASX:SVL) ("Silver Mines" or "Company") is pleased to announce it has completed the transaction with Domestic Energy Metals Corporation ("DEMC") to acquire a 100% interest in the Calico North Project in the San Bernardino County in California, United States ("Calico North Project") ("Calico North Acquisition").

Silver Mines is also pleased to announce that it now has the right to earn up to an 80% interest in the issued share capital of Lustrum Exploration Corp ("Lustrum Exploration"), which holds the Kramer Hills Project in the San Bernardino County in California, United States ("Kramer Hills Project"), ("Kramer Hills Earn-In").

Calico North Project Acquisition

As announced on 12 June 2025, pursuant to a share sale and purchase agreement ("SPA"), DEMC agreed to sell to Silver Mines 100% of the issued capital of California Silver Limited ("CSL") which holds a 100% interest in the Calico North Project.

The Company has paid the following consideration to DEMC:

(a) USD$100,000 cash paid as an exclusivity fee;

(b) USD$500,000 paid on completion; and

(c) issued 39,000,000 fully paid ordinary shares in Silver Mines ("SVL Shares") ("Consideration Shares").

The Consideration Shares were issued on 1 July 2025. An Appendix 2A relating to the issue of the Consideration Shares will immediately follow this announcement. The Consideration Shares were issued using the Company's existing Listing Rule 7.1 capacity.

All conditions relating to the Calico North Acquisition have been satisfied.

Kramer Hills Project Earn-In

As announced on 12 June 2025, Silver Mines also entered into a binding farm-in agreement ("Farm-In Agreement") with Lustrum Gold to earn up to an 80% interest in the issued share capital of Lustrum Exploration, which holds the Kramer Hills Project.

The Company has now made the initial payment to Lustrum Gold (or its nominee) as follows:

(a) USD$100,000 cash paid as an exclusivity fee;

(b) USD$500,000 paid (inclusive of the exclusivity fee); and

(c) issued 23,500,000 SVL Shares ("Initial Payment Shares"). The Initial Payment Shares are subject to 12 months of voluntary escrow.

The Initial Payment Shares were issued on 1 July 2025. An Appendix 2A relating to the issue of the Initial Payment Shares will immediately follow this announcement. The Initial Payment Shares were issued using the Company's existing Listing Rule 7.1 capacity.

All conditions required to allow commencement of the Kramer Hills Earn-In have now been satisfied, and Silver Mines can now commence earning an interest of up to 80% of the Kramer Hills Project pursuant to the Farm-In Agreement.

First Earn-In

The Company shall earn an initial 50% interest in Lustrum Exploration by:

(a) solely funding USD$3,500,000 of exploration expenditure and property maintenance payments across the Kramer Hills Project, within two years of the Commencement Date ("Exploration Expenditure Condition"); and

(b) pay to Lustrum Exploration a cash payment of USD$1,250,000, which must be used by Lustrum Exploration for payment to the Shaherald Property landholder pursuant to the Option ("August 2026 Landholder Payment"),

(Collectively, the "First Earn-In Condition"); and

(c) Within 60 days of satisfaction of the First Earn-In Condition, Silver Mines shall issue to Lustrum Gold (or its nominee) SVL Shares with a deemed value of USD$1,500,000 at an issue price per SVL Share equal to the 10-Day VWAP of SVL Shares over the trading days immediately prior to the date Silver Mines provides Lustrum Gold notice of its satisfaction of First Earn-in Condition ("First Earn-In Shares").

If Silver Mines satisfies the First Earn-In Condition and issues the First Earn-In Shares to Lustrum Gold (or its nominees), then with effect from the date on which it has satisfied both of these obligations, Silver Mines will have earned 50% indirect ownership in the Kramer Hills Project.

Further Earn-In

The Company shall earn a further 30% interest (total 80% interest) in Lustrum Exploration if within 60 days from satisfaction of the First Earn-In Condition ("Further Earn-In Option Period"), the Company issues to Lustrum Gold (or its nominee) SVL Shares with a deemed value of USD$2,000,000 ("Further Earn-In Shares") at an issue price per SVL Share equal to the 10-Day VWAP of SVL Shares over the trading days immediately prior to the date Silver Mines provides Lustrum Gold notice of its intention to earn the further 30% interest.

The issue of First Earn-In Shares and Further Earn-In Shares is at the Company's election should it decide to earn the initial 50% interest in the Kramer Hills Project and the further 30% interest. Should the Company make this election at the appropriate time, it will do so using its available 7.1 placement capacity or seek shareholder approval prior to making an election.

Incorporated Joint Venture

The Company and Lustrum Gold will enter into an incorporated joint venture agreement in respect of Lustrum Exploration on earning the initial 50% interest (and if applicable a further 30% interest in the Kramer Hills Project) ("Joint Venture").

The Company will be the manager of the Joint Venture and in the event that the Company has earned an 80% interest in the Kramer Hills Project, Lustrum Gold's 20% interest will be free carried through to a completion of a feasibility study ("Free Carry Period").

Following the Free Carry Period, the parties must each fund all expenditure under the Joint Venture on a pro-rata basis in proportion to their respective participating interest in the Joint Venture from time to time. However, should Lustrum Gold elect not to fund expenditure after the Free Carry Period, it must convert its participating interest into a 2% net smelter royalty.

The Company will keep the market updated as it progresses with the Kramer Hills Earn-In.

For full details relating to the North Calico Acquisition and Kramer Hills Earn-In as well as detailed information regarding the North Calico Project and Kramer Hills Project, please refer to the Company's ASX announcement released on 12 June 2025 (and amended announcement released 24 June 2026).

About Silver Mines Limited

Bowdens Silver Project

Silver Mines owns the Bowdens Silver Project located in central New South Wales, approximately 26 kilometres east of Mudgee (Figure 1). The consolidated project area comprises 2,115 km^2 (521,000 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 completed. The project boasts outstanding logistics for mine development.

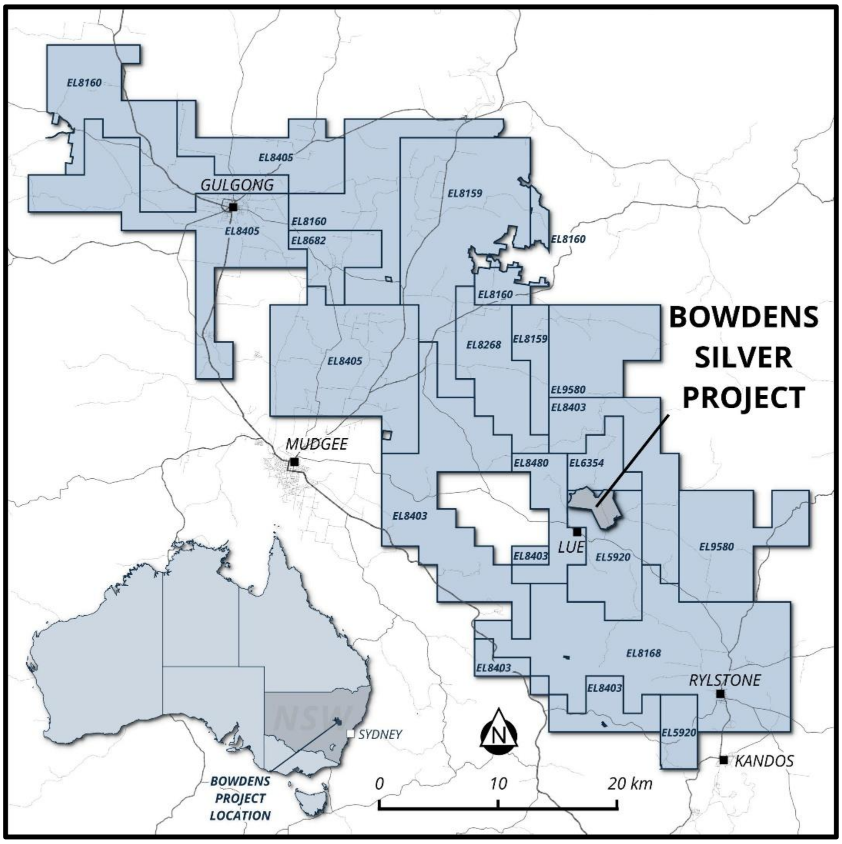

Figure 1. Silver Mines Limited tenement holdings in the Mudgee district.

Kramer Hills and North Calico Projects

Silver Mines owns the Calico North Project and is also earning up to an 80% interest in the Kramer Hills Project, both located in the Mojave Desert of San Bernadino County in southern California, adjacent to the Nevada border. This broader region is also home to Equinox Gold's Castle Mountain Mine, Andean Precious Metals' Golden Queen Mine, Rio Tinto's Borax Mine and MP Material's Mountain Pass Mine.

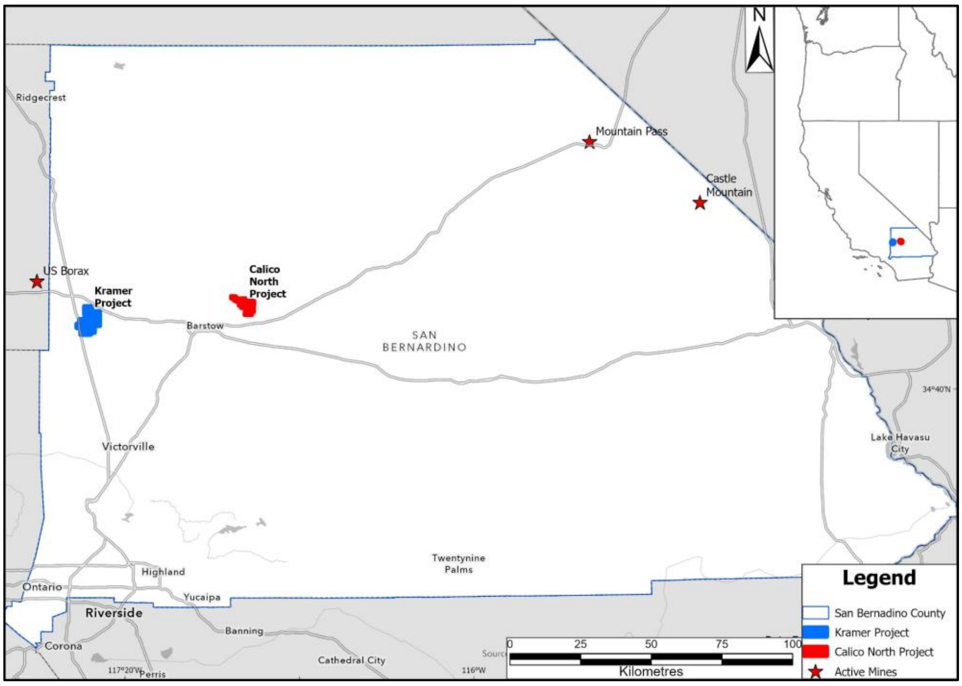

Figure 2: California and San Bernadino County Location Map.

The Calico North Project consists of a number of mining claims covering approximately 20 km^2 over one of the largest silver camps in the United States. The claims are highly prospective for silver and barite with almost 40km of potential strike.

The Kramer Hills Project is made up of mining claims covering approximately 48 km^2 as well as mining claims and real property at the historic past producing Shaherald oxide gold mine. The Kramer Hills Project is highly prospective for gold and silver along a 7km shear zone.

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

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Competent Persons Statement

The information in this announcement that relates to Exploration Results has been extracted from various Silver Mines ASX announcements and are available to view on the Company's website at www.silvermines.com.au or through the ASX website at www.asx.com.au (using ticker code "SVL"). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement.

The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Forward-Looking Statements

This announcement may contain certain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters that may involve risks or uncertainties and may involve significant items of subjective judgement and assumptions of future events that may or may not eventuate (**Forward-Looking Statements**). Forward-Looking Statements can generally be identified by the use of forward-looking words such as "anticipate", "estimates", "will", "should", "could", "may", "expects", "plans", "forecast", "target" or similar expressions and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs. Indications of, and guidance on future earnings, cash flows, costs, financial position and performance are also Forward Looking Statements.

Persons reading this announcement are cautioned that such statements are only predictions, and that actual future results or performance may be materially different. Forward-Looking Statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change, without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions. Forward-Looking Statements are provided as a general guide only and should not be relied on as a guarantee of future performance.

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