Level 28, 88 Phillip St
Sydney NSW 2000
P: +61 2 8316 3997
F: +61 2 8316 3999
Info@silvermines.com.au
www.silvermines.com.au

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SILVER MINES ENHANCES BOWDENS PROJECT ECONOMICS THROUGH ROYALTY BUY-BACKS

HIGHLIGHTS

- Silver Mines to acquire and extinguish two private royalties over the Bowdens Silver Project, simplifying the Project's royalty structure ahead of the next stage of development.
- The Royalty Buy-Backs will remove future royalty obligations over the Bowdens Silver Project, providing Silver Mines with greater exposure to the economic benefits of future production.
- Buy-back and extinguishment of the Royalties is expected to enhance the long-term economics of the Bowdens Silver Project by eliminating future royalty payments associated with the Project.
- Total consideration for the Royalty Buy-Backs comprises $18 million cash and $8 million in Silver Mines shares, with the share component to be issued at the same deemed issue price as the Company's upcoming placement.
- The buy-back of the Royalties is a strong demonstration of Silver Mines' confidence in the significant long-term economic potential of the Bowdens Silver Project and the Company's intention to maximise the value of the Project for shareholders.

Silver Mines Managing Director, Jo Battershill commented: *"The acquisition and extinguishment of these two royalties is an important step for Silver Mines and reflects our strong confidence in the long-term value and development potential of Bowdens.*

Having recently completed our Definitive Feasibility Study[1]*, together with significant technical optimisation, resource and reserve updates and strategic land consolidation undertaken over recent years, Bowdens is now well positioned to progress towards development.*

By removing these private royalties, we are further simplifying the commercial structure of Bowdens and increasing Silver Mines' exposure to the Project's future production and economic returns, especially with a now expanded 26-year potential operational mine life. We believe this is an attractive investment in the Project at this stage of its development and is consistent with our strategy of maximising the value and long-term leverage to silver for our shareholders.

The Royalty Buy-Backs also provide greater certainty as we continue to progress the approvals pathway and move Bowdens closer to development. We remain highly confident in the underlying quality of the Project and its potential to become a significant long-life Australian silver operation."

[1]Silver Mines Limited (ASX:SVL) release: "Bowdens Definitive Feasibility Study Confirms Robust Economics as Reserves Lift to 93.5Moz of Silver" dated 21 July 2026.

Introduction

Silver Mines Limited (ASX:SVL) ("Silver Mines" or "Company") is pleased to announce that its wholly owned subsidiary Bowdens Silver Pty Ltd ("Bowdens") has executed binding agreements to acquire and extinguish two private royalties over its 100% owned Bowdens Silver Project ("Royalty Buy-Backs").

Bowdens has agreed to:

- buy-back and extinguish a 2% net smelter royalty over tenement EL5920 which reduces to a 1% net smelter royalty after the first US$5m of revenue, held by Royalco Resources Pty Ltd ("Royalco") a subsidiary of Fitzroy River Resources Ltd (ASX:FZR) ("Fitzroy") ("Fitzroy Royalty"); and
- acquire 100% of the issued shares in Asia Metals 4 Pty Ltd ("Asia Metals") which owns a 1% gross revenue royalty over tenement EL5920 which commences after the first 20 million ounces of silver has been produced ("Asia Metals Royalty"),

(collectively, the "Royalties").

Consideration

Fitzroy Royalty

Pursuant to a Royalty Buyback and Extinguishment Deed, Bowdens will acquire the Fitzroy Royalty from Fitzroy for the following consideration:

(a) A$10,000,000 cash to be paid on completion; and

(b) A$7,500,000 in fully paid ordinary shares in Silver Mines ("SVL Shares") (being 51,724,138 SVL Shares) ("Fitzroy Consideration Shares").

Asia Metals Royalty

Pursuant to a share sale agreement, Bowdens will acquire 100% of the issued shares of Asia Metals for the following consideration:

(a) A$8,000,000 cash to be paid on completion; and

(b) A$500,000 in SVL Shares (being 3,448,276 SVL Shares) ("Asia Metals Consideration Shares").

The Fitzroy Consideration Shares and Asia Metals Consideration Shares will be issued at the same deemed issue price as the Company's upcoming placement being $0.145 per SVL Share, as announced on the ASX today on 21 September 2026.

The issue of the Fitzroy Consideration Shares and the Asia Metals Consideration Shares will occur on completion of each of those transactions and will be issued using the Company's existing Listing Rule 7.1 capacity.

Neither Fitzroy, Asia Metals or the vendor of Asia Metals are related parties or shareholders of the Company.

Conditions Precedent

Fitzroy Royalty

Completion of the Fitzroy Royalty buy-back is subject to:

(a) the Company obtaining firm commitments for a placement for proceeds of at least $50 million; and

(b) Fitzroy either obtaining confirmation from ASX that each of Listing Rule 11.1.2 and Listing Rule 11.2 does not apply to the disposal of the Royalty or obtaining shareholder approval pursuant to whichever of Listing Rule 11.1.2 or Listing Rule 11.2 ASX determines is applicable ("Fitzroy Approval Condition").

(collectively, the "Fitzroy Conditions").

The Fitzroy Conditions must be satisfied or waived within 3 months of execution of the Royalty Buyback and Extinguishment Deed.

Asia Metals Royalty

Completion of the Asia Metals Royalty buy-back is subject to the Company obtaining firm commitments for a placement for proceeds of at least $50 million ("Asia Metals Condition").

The Asia Metals Condition must be satisfied or waived within 21 days of execution of the share sale agreement.

The agreements to acquire the Fitzroy Royalty and Asia Metals both contain other terms and conditions customary for agreements of its nature, including representations and warranties. There are no other material terms of either agreement.

The Company will keep the market updated as the Royalty Buy-Backs progress.

Advisors

Silver Mines has appointed Treadstone Resource Partners as its financial advisor and Hamilton Locke as its legal advisor in relation to the Royalty Buy-Backs.

About the Bowdens Silver Project

The Bowdens Silver Project is in central New South Wales, approximately 26 kilometres east of Mudgee (Figure 1). The consolidated project area comprises 2,115 km^2 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, high-grade silver-lead-zinc epithermal and volcanogenic massive sulphide (VMS) systems and copper-gold targets.

The Bowdens Silver Project 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.

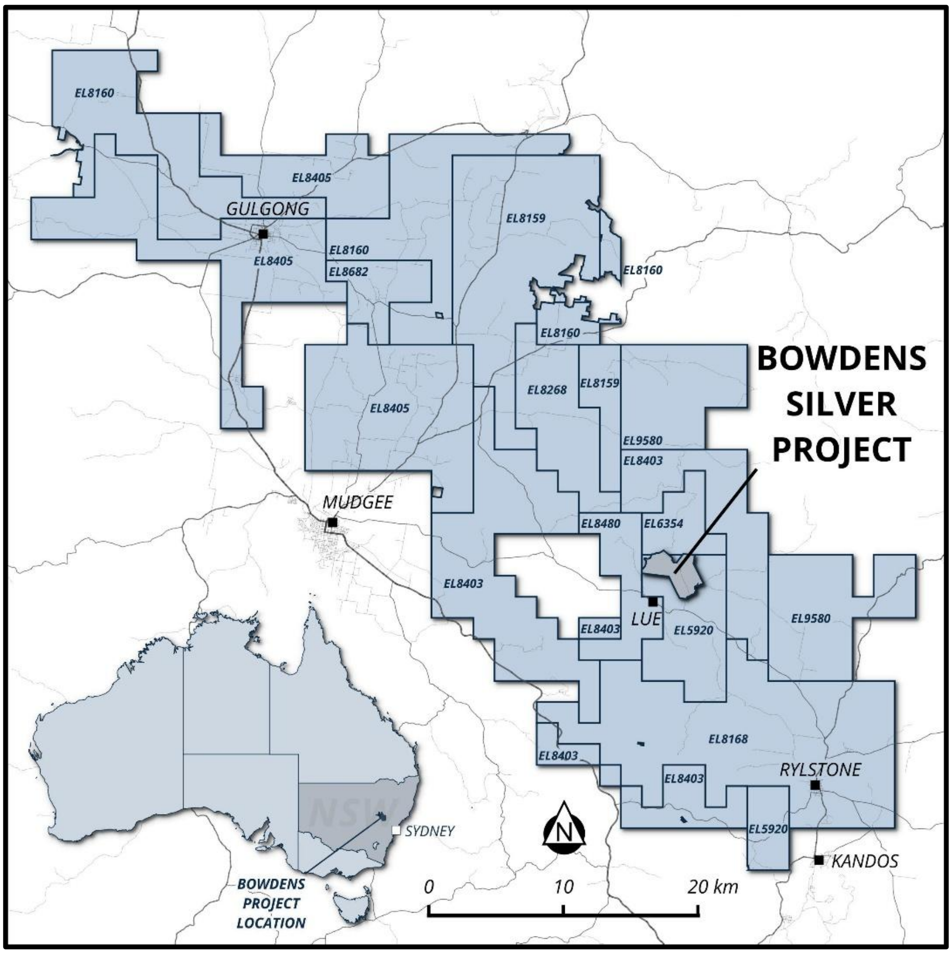

Figure 1: Silver Mines Limited tenement holdings in the Mudgee district.

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

Further information:

Jo Battershill
Managing Director
Silver Mines Limited
+61 2 8316 3997

Christina Granger
Account Director
M+C Partners
+61 438 117 286

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