

## Silver Mines Limited (ASX:SVL)

Research Note – 19 January 2026

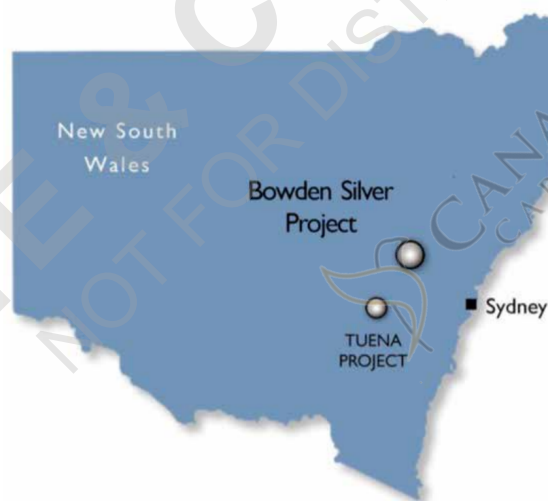
### COMPANY OVERVIEW

Silver Mines Limited (ASX:SVL) is an Australian silver exploration company incorporated in 2004 and listed on 19 January 2007. Headquartered in Sydney, the company is primarily focused on the exploration and development of silver in NSW. Its flagship asset, the Bowdens Silver Project, holds substantial resources as the largest underdeveloped silver project in Australia, estimated to contain an ore reserve of 32.8 million tonnes of silver ore.

### PROJECTS

#### Overview

Silver Mines' main project, the Bowdens Silver Project (BSP), is located in central NSW, approximately 26 km east of Mudgee. The consolidated project area comprises 2,115 km<sup>2</sup> of total land, and includes exploration prospects at Bara Creek, Coomber and Barabolar. The company also holds 100% of the Tuena project focused on the exploration of gold in NSW, along with the Calico North Project located in San Bernardino County, California, which is primarily focused on silver.



#### Bowdens Silver Project

The Bowdens Silver Project is an open-cut mine, located near Mudgee in the central Tablelands Region of NSW, and is approximately 260 km by road from Sydney, covering 80 km of highly prospective geology. The company holds 100% of the project, and it is known as one of the largest silver deposits globally. There are no mining leases currently associated with the Bowdens Silver Project, with a mining lease application being lodged in conjunction with the development application and environmental impact statement. During the 2025 financial year, the company completed 2,466 metres of diamond drilling at the Bara Creek Prospect, situated within the BSP, representing a greenfield discovery opportunity.

**JORC.** On 20 December 2024, the company announced an updated Ore Reserve for the BSP of 32.8 Mt at 68.0 g/t Ag for 71.7 million ounces of silver.

Cut-off Grade: 27 g/t	Tonnes (Mt)	Grade (g/t)	Contained Ag (Moz)	Adjusted Ounces (Moz)
Proved	31.5	68.7	69.6	69.6
Probable	1.3	50.6	2.1	1.47
<b>Total</b>	<b>32.8</b>	<b>68.0</b>	<b>71.7</b>	<b>71.07</b>

**Optimisation Study.** Off the back of the updated Ore Reserve estimate, SVL released an Optimised Feasibility Study. This update resulted in significant improvements to the project’s economic outcomes compared to the 2018 study. Notably, the 2024 study demonstrated a 16% increase in the Life-Of-Mine (LOM) average silver production from 3.2 Moz pa to 3.7 Moz pa. Along with this, the 2024 study demonstrated a 256% increase in the post-tax NPV, from \$71m to \$253m.

### Tuena Gold Project

The Tuena Gold Project is located 80 km south of Orange NSW, covering approximately 929 km<sup>2</sup> of land. The town of Tuena was the scene of a historic gold rush in the 1800’s, with gold extracted from several, narrow high-grade gold reefs. The company holds five exploration licenses within the project, situated along the regionally significant Copperhanna – Godolphin Fault corridor. During the 2025 financial year, the company targeted gold and silver mineralisation at the Picker, Barite and Elsenora prospects.

### Kramer Hills Project Earn-In.

The Kramer Hills Project is made up of mining claims focused on gold and silver, covering approximately 48 km<sup>2</sup> at the historic Shaherald oxide gold mine in San Bernardino County, California. During the 2025 financial year, the company entered into a binding farm-in agreement with Lustrum Gold Corp to earn up to an 80% interest in the issued share capital of Lustrum Exploration Corp, which holds the Kramer Hills Project.

## FINANCIALS

### Cash Position and Debt Owed

In its most recent quarter, Q1 FY26, SVL reported a cash position of \$43.67m, with the company having no debt.

### Cash Burn and Runway

In its most recent quarter, Q1 FY26, SVL reported a cash burn of \$8.34m, predominantly driven by exploration and evaluation cash outflows, resulting in the 4-quarter average being ~\$4.90m. This has resulted in the company having over 8 quarters of operational runway left.

### Exploration Expenditure

SVL spent \$5.17m in its most recent quarter, a ~118% increase compared to its previous quarter, mainly driven by an expansion of operations at Bowdens, along with initial exploration being organised at Calico North and the Kramer Hills Project.

In millions of AUD	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26
Exploration and Evaluation Expenditure	2.45	2.74	2.37	5.17

## Capital Structure

SVL has approximately 2.146 billion shares on issue, driven largely by significant equity raises at low issue prices, potentially weighing on SVL's ongoing funding and investment risk. The company holds ~110 million options, with ~90.4 million unlisted options being held by 59 holders exercisable by 17 June 2026 at \$0.1196. If exercised, these options would increase the share count and dilute existing shareholders. On a fully diluted basis, SVL has approximately 2.257 billion shares, with options representing ~5% of the diluted capital structure.

Share Price	\$0.20
Ordinary Shares Outstanding	2,146,742,487
Market Capitalisation	\$429.35m
Debt	-
Cash	\$43.67m
Enterprise Value	\$385.68m
Options and Performance Rights Outstanding	110,772,043
Diluted Shares Outstanding	2,257,514,530

## INVESTMENT ANALYSIS

### Investment Thesis

**Significant Silver Endowment.** SVL's Bowdens Silver Project provides leveraged exposure to a globally significant silver system, underpinned by approximately 71.07 million ounces of silver, adjusted for expected recovery, payability etc. With spot silver at record highs, recently trading at approximately \$135 per ounce, and up roughly 170% year-on-year, the in-ground value of large, economically scalable silver deposits has become increasingly strategic. Bowdens is also notable for its open-pit development pathway and a reserve grade profile of approximately 68 g/t, supporting the view that SVL offers rare, large-scale silver optionality in a developed jurisdiction. Lastly, an ASX announcement on 19 November 2025 revealed that diamond drilling sampling the first 10 years of production was conducted, returning 116m at 245 g/t Ag, the largest mineralised intercept at Bowdens since 1989. As such, SVL and specifically its main project BSP hold major prospects for the future.

### Investment Risks

**BSP Development Approval (DA).** The most substantial risk that SVL faces surrounds the development approval of mining at Bowdens. Whilst the project was originally approved by the Independent Planning Commission in April 2023, legal action was taken by a local group, challenging whether the approval properly dealt with a power line needed to run the mine. Whilst Silver Mines initially won the case, on 16 August 2024, SVL lost the appeal, resulting in the Bowdens development being declared void. In an ASX announcement dated 23 December 2025, SVL revealed that it had continued to pursue the redetermination of the project, along with providing updated biodiversity assessments and working towards ecological surveys. As such, SVL remains subject to a material development risk, with the company's future outlook largely contingent on whether the Bowdens mining DA is successfully redetermined.

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## INVESTMENT RECOMMENDATION

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Despite SVL's strong drilling results and the scale of the Bowdens Silver Project in a tier-one jurisdiction, the absence of a current development approval to mine its flagship asset remains a material overhang on the investment case and valuation. Accordingly, we recommend SVL as a **Watch**, pending greater visibility on the Bowdens DA redetermination pathway.

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