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COMMENCEMENT OF DRILLING AT KRAMER HILLS

HIGHLIGHTS

- The inaugural drilling program at Kramer Hills has commenced. This initial program includes up to 22 diamond drill holes for 2,700m around the former open pit mine.
- Shallow gold mineralisation was identified along 4km of a larger shear zone during the 1920's. Activities ceased during World War 2. During the 1980's, Beaver Resources acquired the property and successfully permitted a heap leach operation including 5 open pits over a 1.5km strike length. Just one of the open pits was developed prior to ceasing operations.
- Drill results from the 1980's include:[1]
  - KRH-15: 21.3m @ 3.0 g/t Au from 9.1 metres, ending in mineralisation;
  - KRH-17: 22.9m @ 1.7 g/t Au from surface, ending in mineralisation;
  - KRH-24: 18.3m @ 4.2 g/t Au from surface, ending in mineralisation;
  - KRH-27: 6.1m @ 6.0 g/t Au from 12.2 metres, ending in mineralisation; and
  - KRH-38: 21.3m @ 7.9 g/t Au from 9.1 metres, ending in mineralisation.
- While limited exploration appears to have been conducted below a depth of 30 metres from surface, cross sections from Beaver Resources show some gold intercepts to depths of approximately 60 metres.[1]
- Since commencing the earn-in agreement on 1 July 2025, Silver Mines has completed geophysics, mapping and rock chip sampling across the project area.[2] Interpretation of the new data, combined with the historical reports, suggests mineralisation is shear hosted, disseminated within altered schists and veins along the contact of felsic dykes intruding the schist.[2]

Silver Mines Managing Director, Jo Battershill commented: *"We are very pleased to have secured a rig to commence drilling at Kramer Hills. After commencing the earn-in to the Kramer Hills Gold Project in mid-2025, our team has completed a substantial amount of work to assist with the targeting, permitting and execution of this inaugural drill program.*

The historical information and previously permitted gold mine at Kramer Hills provide very strong support to our geological thesis on the potential for the shear zone to host economic quantities of gold and we are looking forward to getting some modern drill holes into this extensive mineralised system.

The mine development work in the 1980's appears to have focused on the shallow, free-dig oxide gold mineralisation.[1] The current drill program is designed to test both the oxide and potential sulphide zones. We look forward to updating the market with results as they become available."

[1]See Silver Mines Limited (ASX:SVL) ASX Announcement "Exploration Portfolio Transformed by Purchase of Californian Silver & Gold Assets" dated 24 June 2025.
[2]See Silver Mines Limited (ASX:SVL) ASX Announcement "Exploration Update on Californian Silver & Gold Assets" dated 16 April 2026.

Introduction

Silver Mines Limited (ASX:SVL) ("Silver Mines" or "Company") is pleased to announce that drilling has commenced at the Kramer Hills Projects in California to assess our previously announced oxide exploration target[1]. The Project is located in the Mojave Desert of San Bernadino County in southern California, adjacent to the Nevada border (Figure 1). 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.

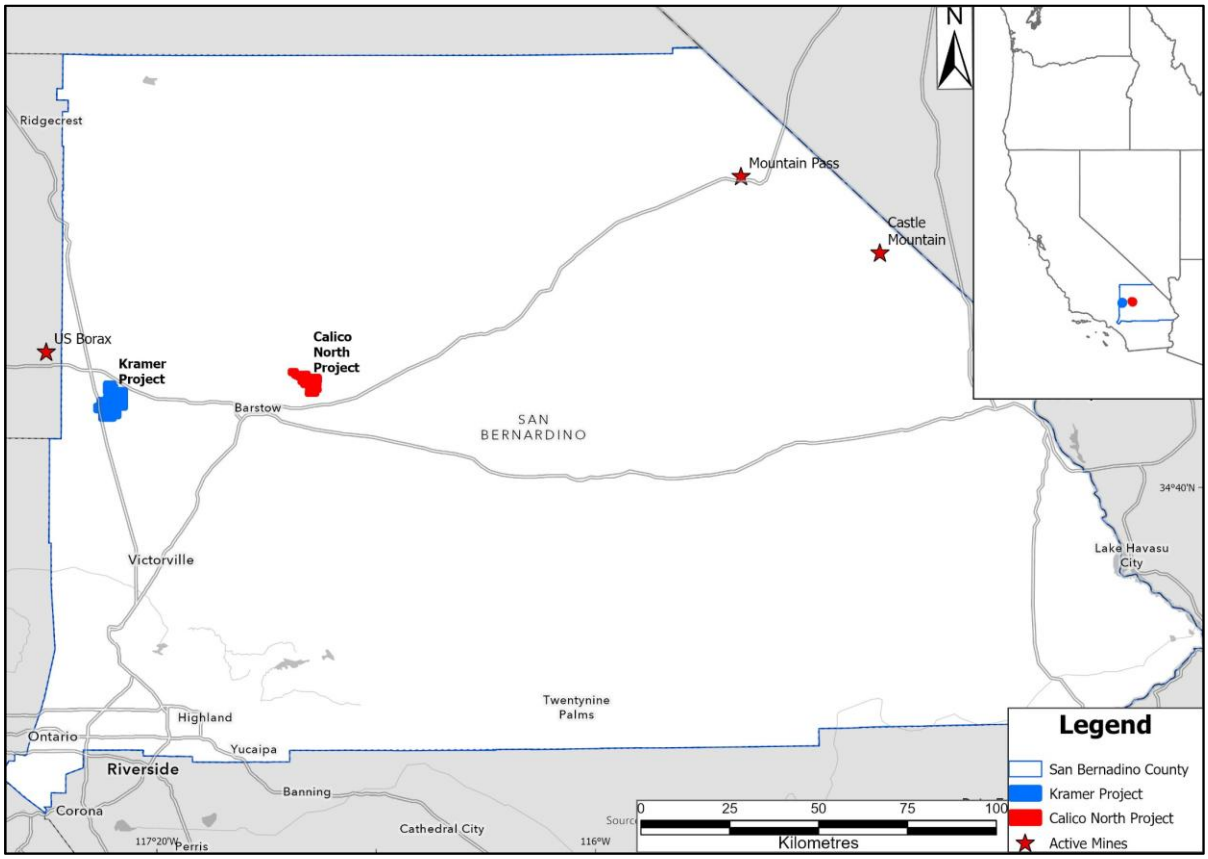

Figure 1: California and San Bernadino County Location Map.

Kramer Hill Gold Project

The Kramer Hills Project is made up of unpatented mining claims covering approximately 48 km^2 as well as private fee land at the historic Shaherald oxide gold mine ("Shaherald Property"). Lustrum Exploration currently has an option to acquire the Shaherald Property.

Project Location and drilling plan

The Kramer Hills Project is centred on the past producing Shaherald oxide gold mine. The historic mine is located on private fee land and unpatented mining claims in San Bernardino County, California (Figures 3, 4, and 5).

Drilling has commenced on the Shaherald property, covering the eastern-most pit of the five previously permitted open-pits that were used as a basis for our announced Exploration Target. Planned collar locations for the 22 diamond core holes are shown in Figures 5 and 6. The mineralised structure dips to the south, so holes are generally inclined to the north.

Several southerly inclined holes are also planned to assess stratigraphy and potential northerly dipping structures.

This program is designed to provide an initial geometry and grade assessment of the mineralised structure, which will allow a detailed follow-up drilling program. Results will be used to determine whether sufficient geological information and confidence can ultimately be established to support the estimation of a Mineral Resource in accordance with JORC 2012.

Refer to the Company's announcement dated 24 June 2025, "*Exploration Portfolio Transformed by Purchase of Californian Silver & Gold Assets*" for full details regarding the Exploration Target.

Figure 2: Rig mobilised onto the first drill collar position.

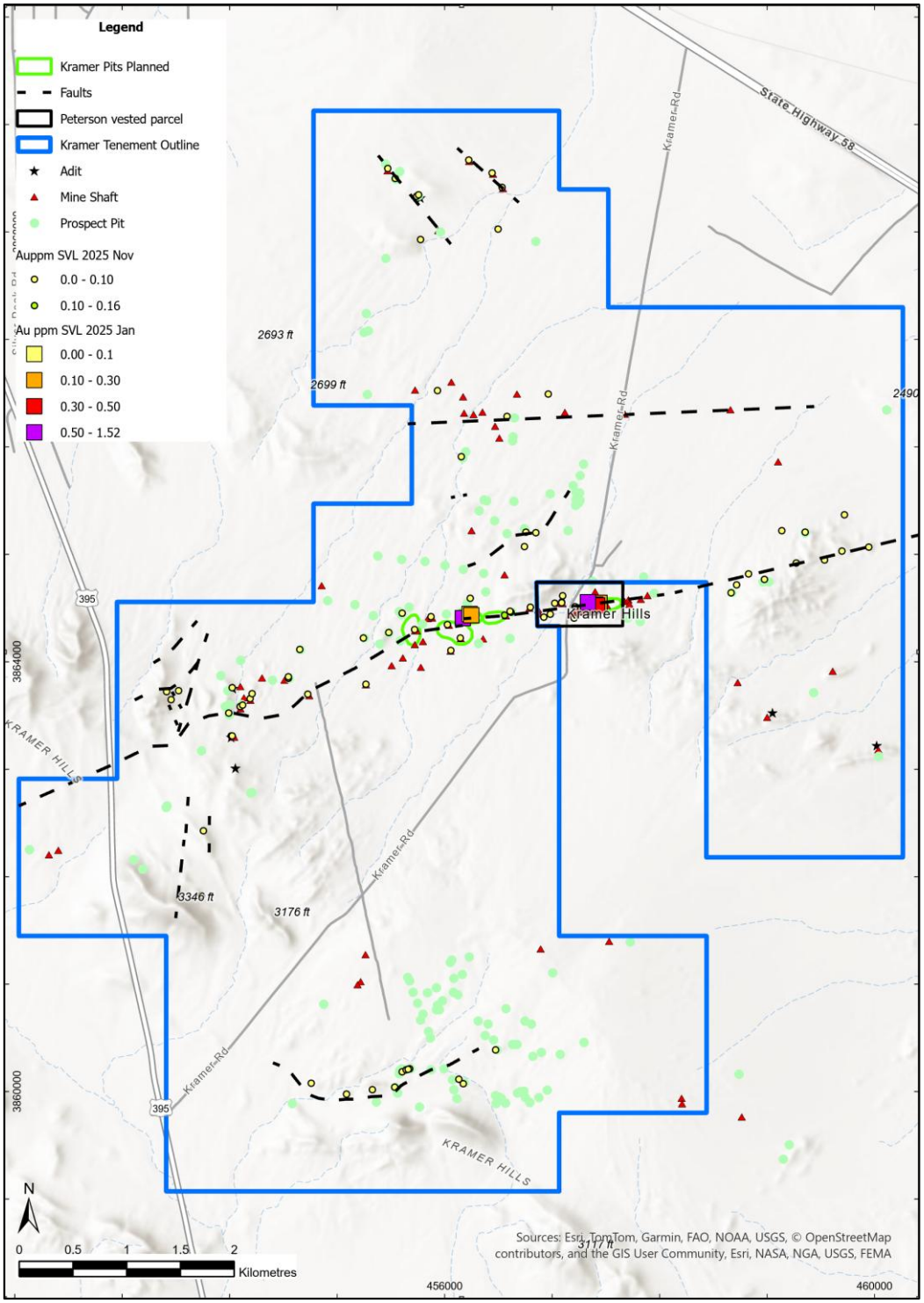

Figure 3: Kramer Hills Claim Map with Historic Workings and Faults. Note the exploration potential for areas outside of pits permitted for mining in the 1980's. A mapped and inferred fault running through the prospect area extends for over 7 km, aligned with pre-1942 mine shafts. There are also various repeated faults and lines of historical shafts that are prospective.[1]

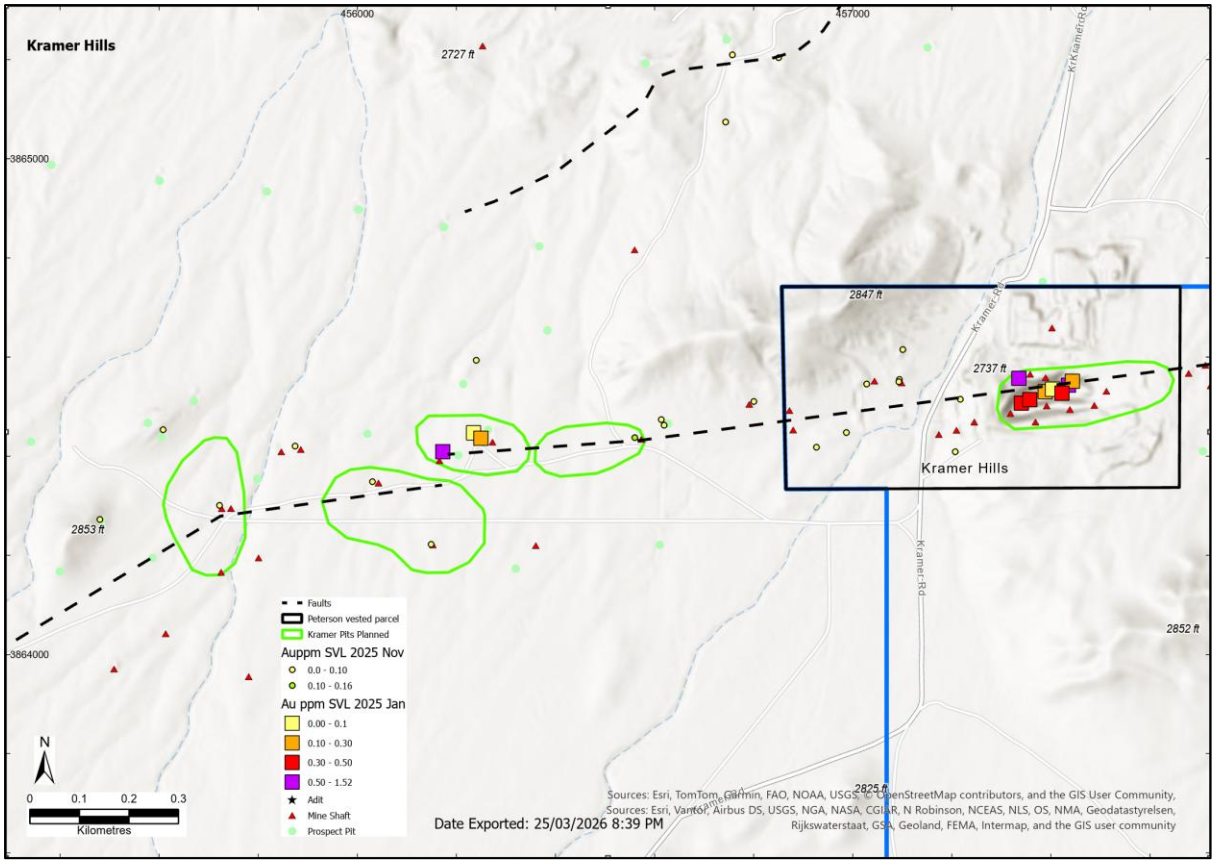

Figure 4: Zoomed view of the oxide prospect area. Note alignment with a mapped fault zone and presence of mine shafts that are spread along the zone, which were all worked prior to 1942. Silver Mines verification samples taken in 2025, with results up to 1.5g/t gold, confirm presence of mineralised system.[2]

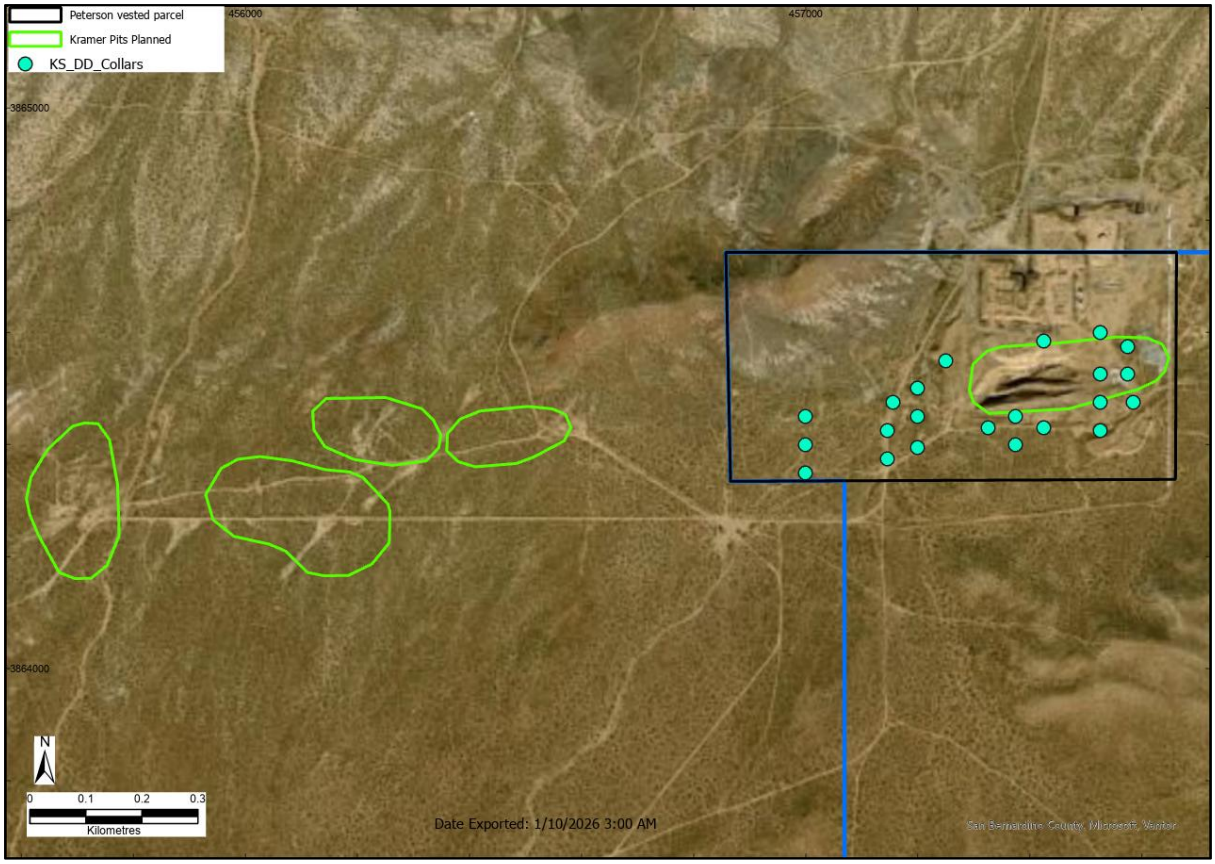

Figure 5: Planned diamond drilling collars to complete initial assessment of the eastern portion of the exploration target, on the Shaherald property. Collars will be altered as necessary during the field program.

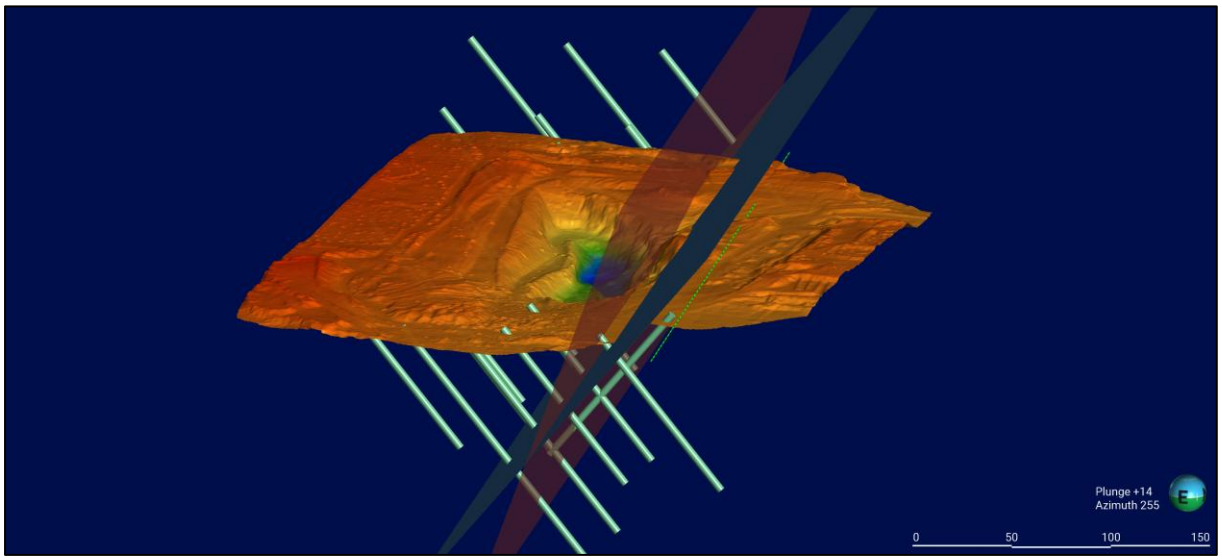

Figure 6: 3D view looking along strike towards west-southwest. Planned diamond drilling collars to assess the Shaherald historical pit. Figure shows the footwall at probable dip ranges between 50 and 70 degrees to the south.

Oxide Exploration Target

Historical mineralisation was identified across five near-surface open pit oxide gold deposits that were permitted for exploitation in the late-1980's. Historical production totals are unavailable, but it is clear that mining began in 1986 by expansion of the historic Shaherald Pit, and mining ended around 1990 with that pit only partially mined. The other four planned pits remain untouched by mining. The Company has considered documents lodged with the San Bernardino County Mines Office and the California Geological Survey with regards to the historic mineralisation and has used the historic figures to develop a plan for exploration development drilling that will allow the Company to assess the five previously permitted open-pit locations.

The drilling will primarily test the Exploration Target that the Company announced on 24 June 2025 as detailed in the table below.

Range	Tonnage (Mt)	Au (g/t)	Contained Gold (Ounces)
Lower Target	5.1	1.0	**160,000**
Upper Target	8.5	1.6	**445,000**

Table 1. Oxide Exploration Target at Kramer Hills Project. Numbers have been rounded so tallies will vary slightly.

Cautionary Statement: The potential quantity and grade of the Exploration Target is conceptual in nature and as such, there has been insufficient exploration drilling conducted to estimate a Mineral Resource. At this stage it is uncertain if further exploration drilling will result in the estimation of a Mineral Resource. The Exploration Target has been prepared in accordance with the JORC Code (2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

The Exploration Target remains unchanged from that originally reported by the Company on 24 June 2025. Exploration activities undertaken since the Exploration Target was first reported have not resulted in any material change to its potential scale or quality. The Company is not aware of any other new information or data that materially affects the Exploration Target, and the material assumptions and technical parameters underpinning the Exploration Target continue to apply and have not materially changed.

Basis of Exploration Target

The Exploration Target is based on historical information relating to five planned near-surface oxide gold pits at the historic Shaherald mining area, supported by historical drilling and underground sampling information and verification sampling undertaken by Silver Mines. The target is constrained principally by the historical planned pit outlines and the interpreted mineralised structure through the Shaherald area.

The tonnage range is based on an historical estimate of approximately 6.8 million tonnes contained in documentation lodged by Beaver Resources, with the lower and upper bounds established at approximately 25% either side of that midpoint. The grade range is based on a midpoint of approximately 1.3 g/t Au, derived from historical information considered by the Competent Person to be the most representative available grade information, with the lower

and upper grade ranges similarly established at approximately 25% either side of that midpoint.

Available historical drilling information comprises 39 drill holes, including 29 reported mineralised intercepts. Detailed historical drilling, sampling, recovery, assay and QA/QC information is incomplete and historical drill-hole spacing is not known with sufficient certainty. The approximate locations of 12 historical drill holes have been reconstructed from available surface plans and cross-sections.

Refer to the Company's announcement dated 24 June 2025, "*Exploration Portfolio Transformed by Purchase of Californian Silver & Gold Assets*" for full details regarding the Exploration Target.

Exploration History

Exploration and mining at the Kramer Hills Project dates back to the early 1900s. During a gold rush in 1926, numerous pits and shafts were excavated, exploiting gold hosted in strongly altered and fractured bedrock and in nearby placer deposits. At least 54 shafts had been completed by 1932, and by 1934 a small open cut surface operation had been constructed to a depth of 7.6 metres and 5,000 tons of ore was milled.[3] The historic Shaherald mine shut down in 1942 with Order L-208 which prohibited precious metal mining during World War 2.[4]

Several evaluations were made of the property in 1945-46 but no significant advancements are recorded until 1981 when BP Amselco Minerals ("Amselco") started sampling and in 1983 obtained a permit for a pilot gold processing operation. By 1986, Beaver Resources had acquired the property and conducted a drill program that delineated a series of mineralised zones comprising four new pits west of the historic Shaherald pit.

In 1988 Beaver Resources Inc. commenced heap leach production with no blasting, crushing or agglomeration but quickly ran into problems due to swelling of clays associated with the ore. Operations ceased in 1990. The Shaherald Property has been owned by a private individual since the early 1990's.

In 2025[5], Silver Mines collected 11 verification samples during a field visit to verify the presence of gold mineralisation. Silver Mines also engaged Snowden Optiro ("Snowden") to undertake a preliminary study on the project using historical records. Despite the previous failure treating the Kramer ore, Snowden did not see any metallurgical red flags for the project that would prevent future economic recovery.

Geology

Five mineralised zones were defined by previous explorers within an east-west trending structural corridor of fractured and altered gold bearing rock that dips approximately 50 degrees to the south and extends for at least 2.7 kilometres.[5] Geological Mapping shows that this fault zone runs for over 7 km, [6] with historical mine shafts scattered for over 4 km of that zone (Figures 3 and 4). This structural zone parallels the contact of a mapped inlier of metavolcanic rocks in a quartz monzonite pluton that intruded into Mesozoic basement rocks.

[3] BIG BOOK compilation of State Mineralogist reports from 1928-1946.
[4] State Mineralogist Report v39-033. Los Angeles Field District, Mineral Resources of San Bernadino County, 1943.
[5]See Silver Mines Limited (ASX:SVL) ASX Announcement "Exploration Portfolio Transformed by Purchase of Californian Silver & Gold Assets" dated 24 June 2025.
[6]Linn, J.K., 1992, Geologic map of Kramer Hills, southern California [San Bernardino County]: Geological Society of America, Digital Maps and Charts, scale 1:15,000.

This contact zone appears to have been the focus for mid-Tertiary intrusions and hydrothermal activity.[7] The fault is intensely silica-clay +/- sericite altered across a width of more than 60 metres with moderate to intense goethite-jarosite (after pyrite). Oxide gold mineralisation at the Kramer Hills Project is spatially associated with these iron oxides generated from weathering pyrite, which has occurred to depths of between 36 to 42 metres.[5]

Silver Mines' analysis of historical information indicate promising signs that gold mineralisation extends into the sulphide zone, beneath the Shaherald Pit.[5]

Field work undertaken by Silver Mines in 2025 and 2026

A preliminary auger assessment of the claim package was undertaken in September 2025.[8] A hand-held Auger was utilised to penetrate the surface unconsolidated sediment to understand the potential depth to hard-rock mineralisation. This instrument had an ability to penetrate 1 metre, and it was found that most of the claim package has unconsolidated sediment of less than 1 metre thick. This information will be utilised in developing further geophysical and geochemical assessment programs over the wider claim package.

Work included a field mapping program completed in December 2025 that covered the entire Kramer claim package. This work assessed all historical workings, which were mostly small exploratory pits.[8]

Silver Mines verification sampling in January 2025 was focussed on the Shaherald Pit and workings to the west, which confirmed gold results of up to 1.52 g/t in the mineralised structure.[5]

In January 2026, Collier Geophysics was engaged to undertake a ground magnetic survey over the project area. The survey was aimed at confirming the location of the target structure to the west of the Shaherald Pit.[8] Several lines were placed near the Shaherald Pit, and the other lines show the structure tracking west from the Shaherald Pit through the drill target area. This confirms the approximate location of the fault structure shown in Figures 3 and 4.

Since January 2026, field work has focussed on biological assessment of the drilling areas to assist drill planning and permitting. Several local species have been identified, and appropriate exclusion zones have been emplaced. The drilling program is being monitored by biological staff to ensure exclusion zones are modified as necessary during the field phase.

About Calico North and Kramer Hills 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 Bernardino County in southern California, adjacent to the Nevada border (Figure 1). This broader region is also home to Equinox Gold's Castle Mountain Mine, Andean Precious Metals' Golden Queen Mine, Rio Tinto's Borax Mine, MP Material's Mountain Pass Mine and ASX listed Dateline Resources' Colosseum Gold-REE Project.

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.

[7]BIG BOOK compilation of State Mineralogist reports from 1928-1946.
[8]See Silver Mines Limited (ASX:SVL) ASX Announcement "Exploration Update on Californian Silver & Gold Assets" dated 16 April 2026.

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.

For further details regarding the Calico North Project and Kramer Hills Project, please refer to the Company's ASX announcement released on 24 June 2025.

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 report that relates to Exploration Results and the Exploration Target is based on information compiled by the Geology Department of Silver Mines Limited, which is managed by Dr Michael Fletcher, General Manager Geology of Silver Mines Limited. Dr Fletcher is a Member of the Australian Institute of Geoscientist (AIG) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken, to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC code). Dr Fletcher consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Kramer Hills Project Exploration Target

On 24 June 2025, Silver Mines announced an Exploration Target at the Kramer Hills Project.

The potential quantity and grade of the Exploration Target is conceptual in nature and as such, there has been insufficient exploration drilling conducted to estimate a Mineral Resource. At this stage it is uncertain if further exploration drilling will result in the estimation of a Mineral Resource. The Exploration Target has been prepared in accordance with the JORC Code (2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

The information relating to the Exploration Target was issued in the Company's ASX announcement "*Exploration Portfolio Transformed by Purchase of Californian Silver & Gold Assets*" dated 24 June 2025.

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.

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