

6th March 2017

Company Announcement Officer
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

SHARE PURCHASE PLAN AND MINIMUM HOLDING SHARE BUY-BACK

Highlights

- **Offering to eligible shareholders the opportunity to participate in the Silver Mines Share Purchase Plan (SPP) at a price of \$0.165 per share.**
- **Under the SPP, eligible shareholders may acquire up to A\$15,000 worth of ordinary shares in the Company without incurring brokerage or other transaction costs.**
- **The SPP is underwritten and capped at A\$3 million.**
- **Offering a Buy-Back to those shareholders holding parcels of shares valued less than A\$500 in the Company.**

Share Purchase Plan

Silver Mines Limited (**Silver Mines** or **the Company**) is pleased to announce that it intends to offer shareholders the opportunity to apply for new, fully paid ordinary shares in Silver Mines under an underwritten Share Purchase Plan (**SPP**) to raise up to A\$3 million. The SPP provides the opportunity for eligible shareholders to subscribe for up to \$15,000 worth of new shares, at a price of \$0.165 per share. The offer is at the same price as the December 2016 placement to institutional, professional and sophisticated investors.

Eligible shareholders may purchase new shares in parcels of \$5,000, \$10,000 or \$15,000, without incurring brokerage or other transaction costs.

Shareholders will be eligible to participate in the SPP if they:

- a) were a registered holder of Silver Mines shares at 5:00 pm (AEDT) on Friday 3rd March 2017, with a registered address in Australia or New Zealand;
- b) have not been issued more than \$15,000 worth of SVL shares in the previous 12 months; and
- c) are not in the United States, or acting for the account or, or benefit of a person in the United States.

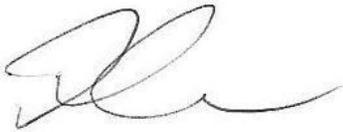
Minimum Holding Share Buy-Back

Simultaneously to the SPP, Silver Mines intends to undertake a buy-back of ordinary shares for holders of less than marketable parcels of shares in the company (**Buy-Back**). Under the ASX Listing Rules, any shareholding valued at less than A\$500 is considered to be less than a “marketable parcel” of shares.

The Buy-Back will allow shareholders who hold less than marketable parcels of shares in the Company, to sell their shares back to the Company at the Buy-Back price of \$0.185 per share, which is determined through the calculation of the Volume Weighted Average Price for the 5-day trading period preceding 3rd March 2017. These shares will be cancelled once transferred to the Company in accordance with the *Corporations Act 2001*.

Further details of the SPP and Buy-Back will be provided on Wednesday, 8th March 2017.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Trent Franklin', written over a light grey horizontal line.

Trent Franklin
Company Secretary