

**8<sup>th</sup> March 2017**

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

## **MINIMUM HOLDING SHARE BUY-BACK**

Silver Mines Limited (**the Company** or **Silver Mines**) advises that it intends to undertake a buy-back of ordinary shares for holders of less than marketable parcels of shares in the Company (**Buy-Back**). According to the ASX Listing Rules, a shareholding which is valued at less than A\$500 is considered to be less than a “marketable parcel” of shares (**Small Parcels**).

The Buy-Back allows shareholders who hold Small Parcels of shares in the Company (**Eligible Shareholders**) to sell their shares to the Company at the Buy-Back price of \$0.185 cents per share, being the Volume Weighted Average Price for the 5-day trading period preceding 3<sup>rd</sup> March 2017. These shares will be cancelled once transferred to the Company.

As per the Corporations Act 2001 (Cth), the Company does not require shareholder approval for the buy-back of these shares, however, Eligible Shareholders are entitled to opt out of the Buy-Back.

On the basis of the Buy-Back price per share and the register of members of Silver Mines as at 7:00pm (AEDT) on 3<sup>rd</sup> March 2017:

- (a) a Small Parcel of shares is any shareholding of 2,702 shares or less;
- (b) 1,521 out of 3,836 shareholders hold a Small Parcel; and
- (c) the total value of the Silver Mines ordinary shares held by all holders of Small Parcels is A\$152,220.04.

Shareholders who own 2,703 shares or more will not be eligible to participate in the Buy-Back.

The Company is sending the attached letter to Eligible Shareholders. Those who wish to retain their shares must complete and sign the Share Retention Form and forward it to the Company’s Share Registry, Boardroom Pty Limited, so that it is received by 5:00pm (AEDT) on 20<sup>th</sup> April 2017.

For and on behalf of the Board



Trent Franklin  
Company Secretary

8<sup>th</sup> March 2017

Dear Shareholder

**Offer by Silver Mines Limited to buy-back less than marketable parcels of shares.**

As announced on 8<sup>th</sup> March 2017, Silver Mines Limited (**the Company** or **Silver Mines**) intends to complete a share buy-back for holders of less than marketable parcels of shares in Silver Mines as at 7:00pm (AEDT) 3<sup>rd</sup> March 2017 (**Record Date**).

The directors understand that holders of Silver Mines shares with a value of A\$500 (**Small Parcels**) or less may encounter difficulties selling their shares on the ASX. To allow these shareholders to sell their shares without incurring brokerage and other expenses, and to reduce the administrative and registry costs for the Company that are associated with Small Parcels, the directors have resolved to conduct a buy-back of Small Parcels of Silver Mines shares under the terms set out in this Offer, and according to the procedure in Part 2J.1, Division 2 of the *Corporations Act 2001* (Cth) (**Buy-Back**).

According to the ASX Listing Rules, a shareholding valued at less than A\$500 is considered to be less than a “marketable parcel” of shares. Based on the Buy-Back of \$0.185 cents per share, being the Volume Weighted Average Price for the five day trading period closing at 7:00pm on 3<sup>rd</sup> March 2017, a Small Parcel of shares is any shareholding of 2,702 shares or less.

Silver Mines share registry shows that the number of shares held by you or an entity that is associated with you is a Small Parcel.

On the basis of the Buy-Back price and the register of members of the Company as at 3<sup>rd</sup> March 2017:

1. 1,521 out of 3,836 Silver Mines shareholders hold a Small Parcel; and
2. the total value of Silver Mines ordinary shares held by all holders of Small Parcels is A\$152,220.04

Please note that the market price of Silver Mines shares does change from time to time. The Buy-Back price may be more or less than the actual market price at the time of the sale and may not be the best price obtainable on the day on which your Silver Mines shares are bought back. The Company will not buy-back your shares if you wish to retain your shareholding.

Shares purchased by the Company under the Buy-Back will be cancelled.

Your options:

1. If you would like the Company to purchase your Small Parcels of shares at \$0.185 cents per share, you do not need to do anything.
2. If you do not want your shares to be purchased by the Company under the Buy-Back, you must:
  - a. complete the enclosed Share Retention Form and return it to the Share Registry, Boardroom Pty Limited by no later than 5pm (AEDT) on 20<sup>th</sup> April 2017 (**Closing Date**); or

- b. top up your holding to a marketable parcel by either merging multiple holdings, participating in the Company's Share Purchase Plan (as announced on 8<sup>th</sup> March 2017), or acquiring additional Silver Mines shares on market so that your registered holding at the Closing Date (no later than 5pm AEDT on 20<sup>th</sup> April 2017) is greater than 2,702 shares.

Please allow reasonable time for the Share Retention Form to be received by the Company. If you hold shares in multiple holdings, some of which are Small Parcels, then the Company will purchase those Small Parcels unless a Share Retention Form is received for each holding.

If you do not retain your shareholding and it is purchased by the Company, the sale proceeds will be forwarded to you by the Company as soon as practicable.

You are encouraged to seek independent professional advice when deciding whether to retain your shares and if you have any questions on how the sale may affect you. The Company makes no recommendation as to whether you should participate in the Buy-Back.

The Company will incur all costs associated with this Buy-Back, however, any taxation consequences arising from the sale of Small Parcels under this Buy-Back are your responsibility. Please consult your legal, financial or taxation advisor if you require information regarding possible taxation implications of the sale of Small Parcels under the Buy-Back.

If you require further information in respect of the Buy-Back, please contact the Company on +61 2 8316 3997.

For and on behalf of the Board,

A handwritten signature in black ink, appearing to read 'Trent Franklin', written in a cursive style.

Trent Franklin  
Company Secretary