

Silver Mines Limited ACN 107 452 942



ENTITLEMENT ISSUE PROSPECTUS

This Prospectus includes a partially underwritten, renounceable pro-rata entitlement issue of one (1) Share (each a **New Share**) for every four (4) Shares held by Eligible Shareholders at an issue price of \$0.03 per Share, to raise \$3,846,006 before costs associated with the Offer (based on the number of Shares as at the date of this Prospectus) (together with one (1) (for no cash consideration) attaching Option for every two (2) New Shares subscribed for and issued (each a **New Option**) (**Entitlement Offer**).

Eligible Shareholders may also apply for Shortfall Securities under the Shortfall Offer.

The Entitlement Offer is partially underwritten by Patersons Securities Limited to the amount of \$2,500,000. Refer to Section 9.4(a) for details regarding the terms of the Underwriting Agreement.

This Prospectus has been prepared for the purpose of making the Offer.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about any of the securities being offered under this Prospectus or any other matter, you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as highly speculative.

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1. CORPORATE DIRECTORY

Directors

Mr Keith Perrett (Non-Executive Chairman)

Mr Anthony McClure (Managing Director)

Mr Peter Langworthy (Non-Executive Director)

Mr Jonathan Battershill (Non-Executive Director)

Company Secretary

Mr Trent Franklin

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Telephone: +61 2 9290 9600

Fax: +61 2 9279 0664

Auditor

Crowe Horwath Sydney
Level 15, 1 O'Connell Street
Sydney NSW 2000

Telephone: +61 2 9262 2155

Fax: +61 2 9262 2190

Securities Exchange Listing

The Company is listed on the Australian Securities Exchange with the ticker code: SVL

Registered Office

Level 11
52 Phillip Street
Sydney, NSW 2000
Telephone: +61 2 8316 3997
Facsimile: +61 2 8316 3999

Email: info@silvermines.com.au
Website: <http://www.silvermines.com.au>

Legal Adviser

Enrizen Lawyers Pty Ltd
Level 11, 52 Phillip Street
Sydney NSW 2000

Telephone: 1300 650 341

Fax: 1300 650 342

Underwriter

Patersons Securities Limited
Level 23 Exchange Tower
2 The Esplanade
Perth WA 6000

Telephone: +61 8 9263 1111

2. TIMETABLE *

Announcement of Offer	3 August 2018
Lodgement of Prospectus with ASIC	3 August 2018
Copy of Prospectus given to ASX	3 August 2018
Notices sent to Shareholders	6 August 2018
Ex-date	9 August 2018
Trading of rights commences	9 August 2018
Record Date	10 August 2018
Prospectus despatched to Shareholders (and announcement of despatch)	15 August 2018
Closure of rights trading	24 August 2018
Last day to extend the Closing Date	28 August 2018
Closing Date	31 August 2018
ASX notified of under subscriptions	4 September 2018
Issue date	6 September 2018
Trading of Securities commences on a normal basis	7 September 2018

* The above dates are determined based upon the current expectations of the Directors. The Directors reserve the right to extend the Closing Date by giving at least three Business Days' notice to ASX prior to the Closing Date. Such extensions would have a consequential effect on subsequent dates.

3. IMPORTANT NOTES

This Prospectus is dated 3rd August 2018 and was lodged with ASIC on that date.

The expiry date of this Prospectus is the date that is 13 months from the date of this Prospectus (**Expiry Date**). No securities will be issued on the basis of this Prospectus later than the Expiry Date.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

This Prospectus is a transaction specific prospectus which has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as a prospectus for an initial public offering. As the Company is a disclosing entity for the purposes of the Corporations Act and is subject to regular reporting obligations and the continuous disclosure requirements of the Listing Rules, certain information is reasonably expected to be known to investors and their professional advisers. This Prospectus should be read in conjunction with the Company's other periodic and continuous disclosure announcements given to ASX, which are available at www.asx.com.au.

Neither ASIC nor ASX take any responsibility for the contents of this Prospectus, nor do either of them make any statement regarding the merits of the Offers the subject of this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form.

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any investor. You are encouraged to read this Prospectus fully before deciding whether to invest in the Company. You should consider the Risk Factors set out in Section 8 having regard to your financial objectives, situation and needs and seek professional advice from your accountant, financial adviser, stockbroker or other professional adviser before deciding whether to invest in the Company.

3.1 Definitions and interpretation

A number of words or terms used throughout this Prospectus are capitalised and have the meanings defined in Section 11 (**Glossary**) of this Prospectus.

References to currency, including A\$, \$ or AUD, are references to Australian currency unless otherwise stated. References to time are to time in New South Wales, Australia.

3.2 No representations other than in this Prospectus

No person is authorised to give any information or make any representation in connection with the Offers which is not contained in this Prospectus. You should rely only on information contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company or the Directors.

3.3 Statements of performance

Any information in this Prospectus relating to past performance or pro forma financial information of the Company is given for demonstrative purposes only and should not be relied upon as an indication of the Company's views on its financial performance, both past and future. The past performance of the Company's share price is not an indicator of the Company's future share price or that of the Company's performance generally, and cannot be relied upon as such.

The Company, its officers, agents, and advisors do not make any warranty or guarantee as to the future performance of the Company.

3.4 Risk factors

Potential investors should be aware that subscribing for Securities involves a number of risks. The key risk factors of which investors should be aware are set out in Section 8 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus. Key risk factors include.

- (a) Dilution Risk;
- (b) Changes in commodity price;
- (c) Operational risk;
- (d) Financing;
- (e) Mineral resources estimates risk;
- (f) Native Title risks;
- (g) Reliance on key personnel;
- (h) Liquidity and volatility;
- (i) Exploration risk;
- (j) Environmental risk;
- (k) Contractual risks;
- (l) Land access risk;
- (m) Legislative change;
- (n) Regulatory risk;
- (o) Government policy;
- (p) Title;
- (q) Force majeure; and
- (r) Competition.

3.5 Diagrams

Any maps, diagrams and/or tables contained in this Prospectus are illustrative only and may not be drawn to scale.

3.6 Rounding

A number of figures, amounts, percentages, prices, estimates, in this Prospectus have been subject to rounding. The actual calculation of these figures may differ from the figures set out in this Prospectus.

3.7 Disclaimer

Neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

3.8 Directors Interests in Securities

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, together with their respective Entitlements, is set out in the table immediately below.

Director	Shares	Options	Entitlement (Shares)	Entitlement (\$)
Keith Perrett	1,000,000	500,000	250,000	7,500
Anthony McClure	17,875,000	Nil	4,468,750	134,063
Peter Langworthy	500,000	1,000,000	125,000	3,750
Jonathan Battershill	500,000	6,000,000	125,000	3,750

Note

Each member of the Board advises that they, and their Associated entities, will take up all their respective Entitlements.

3.9 Substantial Holders

Based on the Company's share register at the date of this Prospectus, those persons which (together with their Associates) have a relevant interest in 5% or more of the Shares on issue are:

Name of substantial holder	Number	Percentage (%)
Seneca Securities Pty Ltd	36,000,000	7.02%

3.10 Underwriting

The Offer will be managed by Patersons Securities Limited.

Patersons Securities Limited (**Underwriter**) has also agreed to partially underwrite the Entitlement Offer to the value of \$2,500,000 (**Underwritten Amount**). Refer to Section 9.4 of this Prospectus for details of the terms of the underwriting of the Entitlement Offer.

In the event that the value of the Shortfall Shares exceeds the Underwritten Amount, the Underwriter will use its best endeavours to place the remaining amount of Shortfall Shares from the Entitlement Offer, as required. The Underwriting Agreement gives the Underwriter the right to enter into sub-underwriting agreements the effect of which will be to pass on some or all of the obligations of the Underwriter to subscribe for Shortfall Securities.

Directors of the Company Keith Perrett, Anthony McClure and Peter Langworthy (**Sub-Underwriting Directors**) have each confirmed, that in addition to subscribing for their full entitlement, they will sub-underwrite the Offer for a collective total of \$237,500. The Sub-Underwriting Directors will not receive any payment for their sub-underwriting.

3.11 Effect of the Offers on the Control of the Company

The Underwriter is not currently a Shareholder.

Pursuant to the terms of the Offers and the Underwriting Agreement, the Company and the Underwriter will ensure that no person (including the Underwriter and its Associates) will acquire, through participation in the Offers or the Shortfall Offer, a relevant interest in, or increase their holding of relevant interests to, an amount in excess of 19.9% of all Shares on issue on completion of the Offers.

The allocation of shortfall securities under the Shortfall Offer will be at the sole and absolute discretion of the Underwriter, in consultation with the Company.

Subject to the preceding provisions, the Directors reserve the ultimate right to make allocations of New Shares, New Options and Shortfall Securities, as, after consultation with the Underwriter, they determine (in their absolute discretion).

The Company considers it is unlikely that no Shareholders will take-up Entitlements under the Entitlement Offer or apply for additional Shortfall Securities under the Shortfall Offer. The voting power of the Underwriter and its associated entities will reduce by a corresponding amount for the amount of Entitlements taken up under the Offer and number of Shortfall Securities issued to third parties. The Directors believe that the Entitlement Offer has been priced to encourage Shareholders to participate in the Offer and the Shortfall Offer, which in turn will enable the Company to achieve the objectives stated in section 6.1 of this Prospectus.

The Company considered alternative options for raising capital and resolved that the Offers on the terms detailed in this Prospectus were the most favourable course open to the Company and its Shareholders, given the Company's strategic objectives and having regard to the circumstances existing at the date of this Prospectus.

The Directors consider, having regard to all available options, that entering into the Underwriting Agreement with the Underwriter provides the Company and the Shareholders with the highest degree of certainty in the time available that the Offer will be successful.

3.12 Dilution

The number of Shares which will be issued pursuant to the Offer is estimated to be 128,200,214. This will equate to approximately 20% of all the issued Shares following completion of the Offers will be as follows. Subject to the extent to which current Shareholders exercise their respective Entitlement, it is possible that the relevant percentage of Shares held by Shareholders will be reduced as a result of the dilutionary effect of the proposed issue of New Shares and New Options.

By way of example, the Company provides below an analysis of the possible dilutionary effect that the Offers may have, on both an undiluted and fully diluted basis and based on the assumption that none of the Shareholders exercise any of their respective Entitlements.

(a) On an undiluted basis

Shareholder	Shareholding as at Record Date	% holding at Record Date	% holding post Offers
Shareholder 1	10,000,000	1.95%	1.56%
Shareholder 2	5,000,000	0.98%	0.78%
Shareholder 3	1,500,000	0.29%	0.23%
Shareholder 4	400,000	0.08%	0.06%
Shareholder 5	50,000	0.01%	0.008%

(b) On a fully diluted basis

Shareholder	Shareholding as at Record Date	% holding at Record Date	% holding post Offers
Shareholder 1	10,000,000	1.95%	1.27%
Shareholder 2	5,000,000	0.98%	0.63%
Shareholder 3	1,500,000	0.29%	0.19%
Shareholder 4	400,000	0.08%	0.05%
Shareholder 5	50,000	0.01%	0.006%

3.13 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The last recorded closing sale price of the Shares on ASX prior to the trading halt and lodgement of this Prospectus with ASIC was \$0.039 on 1 August 2018. The Entitlement Offer, at \$0.03 per New Share, is at a discount of 23% to that last recorded closing sale price of Shares as quoted on ASX.

The highest, lowest and last market sale prices of the Shares as quoted on ASX during the three months immediately prior to lodgement of this Prospectus with ASIC and the respective last dates of those sales were:

Highest	\$0.053	28 May 2018
Lowest	\$0.037	27 June 2018
Last	\$0.039	1 August 2018

3.14 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

Neither the Company, the Directors nor Company management:

- gives any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements; or
- intends to update or revise forward-looking statements, or to publish prospective financial information in the future, other than to the extent required under the Corporations Act and the Listing Rules.

These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Please refer to the risk factors set out in Section 8 of this Prospectus.

3.15 Enquiries

Before making a decision about investing in the Entitlement Offer, investors may consider it prudent to should seek advice from their stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser to determine whether it meets their objectives, financial situation and needs.

If a Shareholder or other proposed investor has any questions on how to:

- complete the personalised Entitlement and Acceptance Form accompanying this Prospectus which Eligible Shareholders may use to apply for New Shares and New Options; or
- otherwise apply for Shortfall Securities offered under the Shortfall Offer,

please call the Share Registry between 9:00 a.m. and 5:00 p.m. (AEST) Monday to Friday during the period from and including the date on which the Entitlement Offer opens until and including the Closing Date:

Within Australia: (02) 9290 9600

Outside Australia: +61 2 9290 9600

If you have lost or destroyed your Entitlement and Acceptance Form and would like a replacement form, please call the applicable number above.

4. INVESTMENT OVERVIEW

4.1 The Company's business and strategy

The Company's focus has been the continued mineral exploration and pre-production works at the Bowdens Project, being located in the Mudgee area in the Central Tablelands Region of New South Wales, Australia. In addition, the Company is progressing the Environmental Impact Statement for the Bowdens Silver Project as it proceeds to mine approvals.

The Bowdens Project comprises 2,007 km² (496,000 acres) of titles covering approximately 80 kilometres of strike of the highly mineralised Rylstone Volcanics.

The Company holds 100% of Exploration Licence EL5920 which contains the Bowdens Silver Deposit and also holds exploration licences EL6354, EL8159, EL8160, EL8168, EL8268, EL8403, EL8405, EL8480 and EL8682. In addition, the Company is earning an 80% interest and manages a Joint Venture over exploration licence EL7391 with Thomson Resources Limited. (Refer to Figure 1).

In addition, the Company's primary and current exploration works include the assessment, planning and execution of programs over the Barabolar Project that is located approximately 10 kilometres northwest of the Bowdens Silver Project.

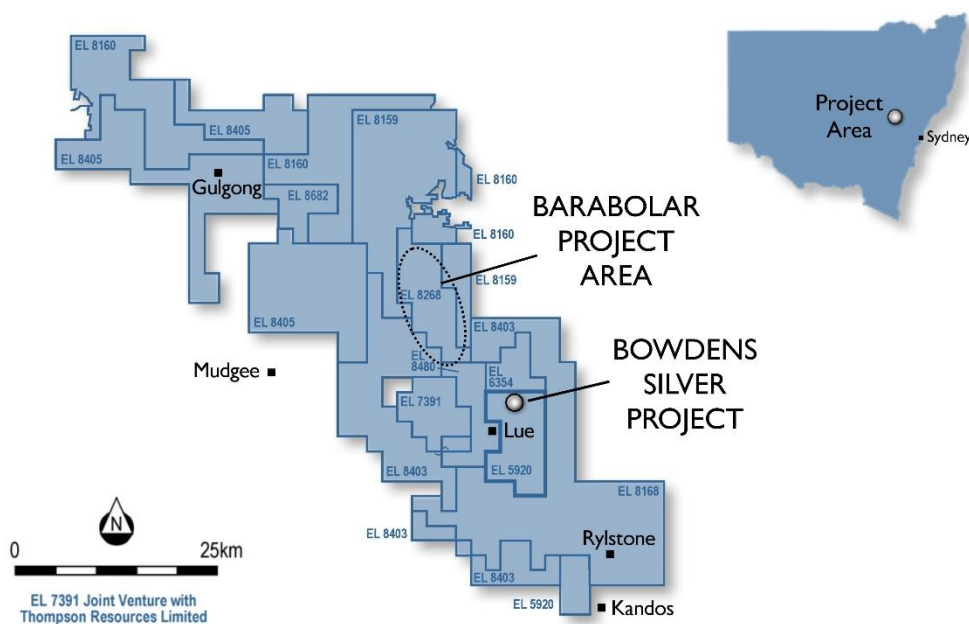


Figure 1: Silver Mines Limited Tenement and Project locations in Mudgee district.

4.2 Exploration

The Company's Project area in the Mudgee district includes multiple target styles and mineral occurrences throughout the district, including analogues to the Bowdens Silver Project, silver-lead-zinc epithermal and volcanogenic massive sulphide (VMS) systems and porphyry and skarn hosted copper-gold-molybdenum targets.

The tenement group referred to in Section 4.1 above is situated on the eastern margin of the Lachlan Orogen where it is in contact with the younger, unconformable overlying Permian units. These units comprise the mineralised early Permian Rylstone Volcanics and the on-lapping later Permian sedimentary units of the Shoalhaven Group within the Sydney Basin. The Rylstone Volcanics unconformably overlie the Ordovician Coomber Formation and Silurian Dungaree Volcanics. (Refer to Figure 2).

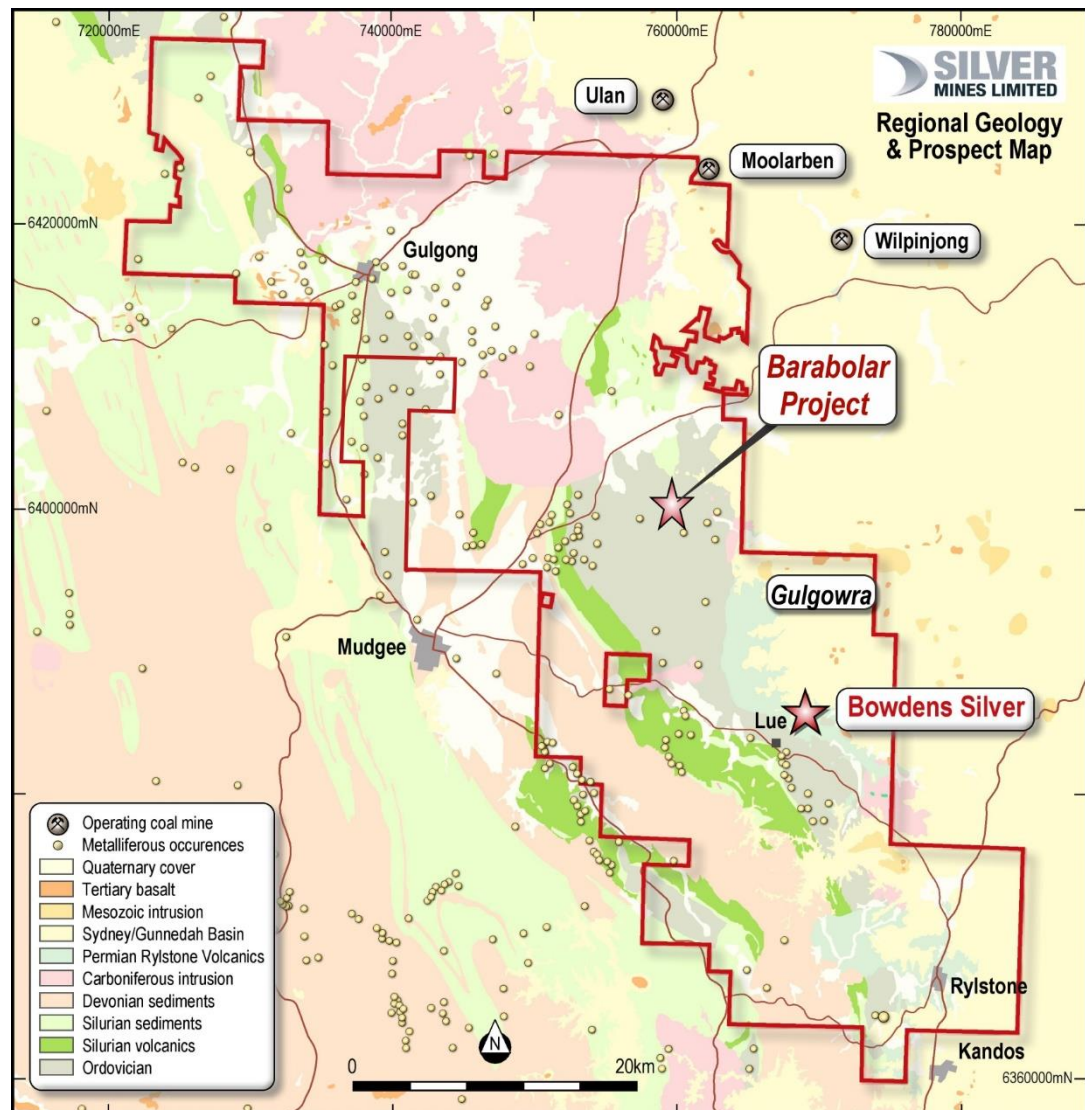


Figure 2: Silver Mines Limited prospect locations in the Mudgee district.

Note: A version of the above Figure 2, coloured in accordance with the key in the bottom left hand corner of the above Figure, is available on each of the following websites:

- <https://www.asx.com.au/asx/statistics/announcements.do> (ticker:SVL); and
- <https://www.silvermines.com.au/>

In addition, a coloured version of the above Figure was disclosed by the Company in its ASX announcement dated 19 July 2018.

The Company has conducted a substantial drilling program with a primary focus on:

- increasing silver resources within and in the immediate vicinity of the Bowdens Silver Project;
- further drilling advanced exploration targets where substantial mineralisation has been discovered but not yet fully evaluated; and
- testing exploration targets proximate to the current resource beneath surface geochemical and geophysical anomalies.

A recently completed deep drilling campaign has provided a platform to extend the Bowdens Silver Project with results from Bowdens NW and Bundarra Deeps zones providing valuable geological data to allow exploration to be vectored towards a source of mineralisation (refer to ASX Announcement of 5 February 2018 and 13 March 2018). Of particular focus will be the follow up to the recent significant discovery of the porphyritic felsic intrusion beneath the Bowdens Silver Deposit (Refer to ASX Announcement of 19 February 2018).

Regional exploration work has led to the discovery and initial definition of the Barabolar Project located approximately 10 kilometres north of the Bowdens Silver Project (Refer to ASX Announcement of 19 July 2018).

Current exploration at the Barabolar Project is indicating considerable potential. Geological and structural mapping in conjunction with a regional soil geochemical program has highlighted a corridor with surface geochemistry anomalies in copper, silver, molybdenum, lead and zinc. Of particular interest is a mapped mineralised skarn over a strike extent of approximately 5,000 metres and a width of 800 metres. Coincident with skarn is broad copper anomalism while molybdenum anomalism is towards the east at Botobolar (Refer to Figures 3, 4 and 5.).

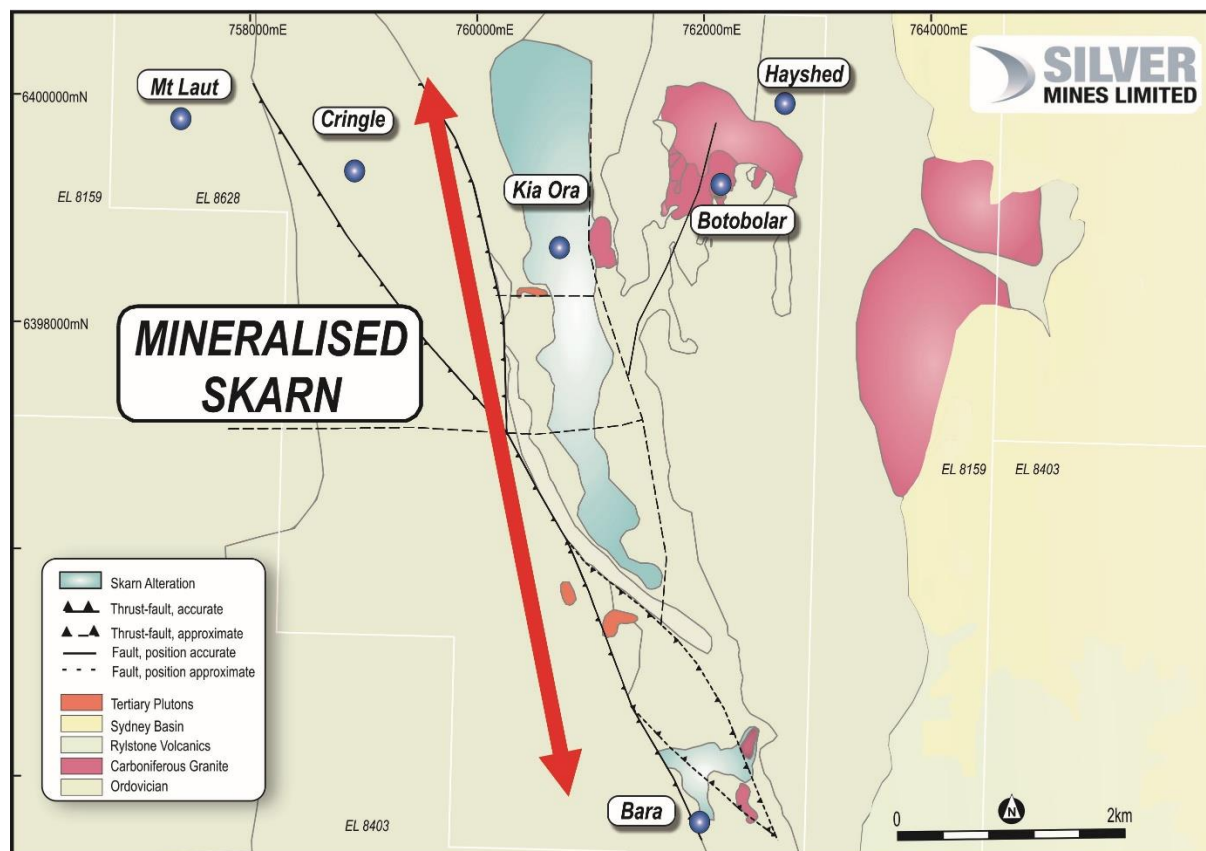


Figure 3: Barabolar prospect showing mineralised skarn in outcrop.

Note: A version of the above Figure 3, coloured in accordance with the key in the bottom left hand corner of the above Figure, is available on each of the following websites:

- <https://www.asx.com.au/asx/statistics/announcements.do> (ticker:SVL); and
- <https://www.silvermines.com.au/>

In addition, a coloured version of the above Figure was disclosed by the Company in its ASX announcement dated 19 July 2018.

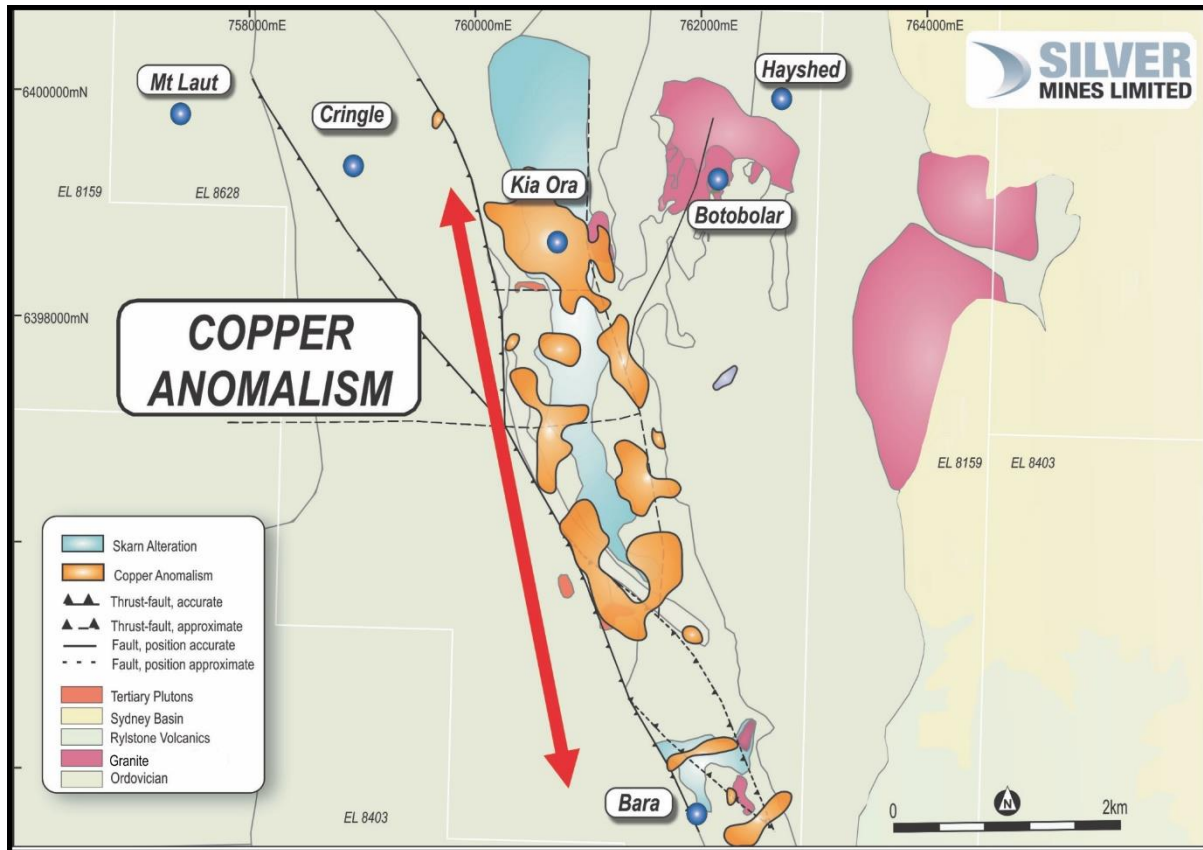


Figure 4: Barabolar prospect showing copper anomalism coincident with mineralised skarn.

Note: A version of the above Figure 4, coloured in accordance with the key in the bottom left hand corner of the above Figure, is available on each of the following websites:

- <https://www.asx.com.au/asx/statistics/announcements.do> (ticker:SVL); and
- <https://www.silvermines.com.au/>

In addition, a coloured version of the above Figure was disclosed by the Company in its ASX announcement dated 19 July 2018.

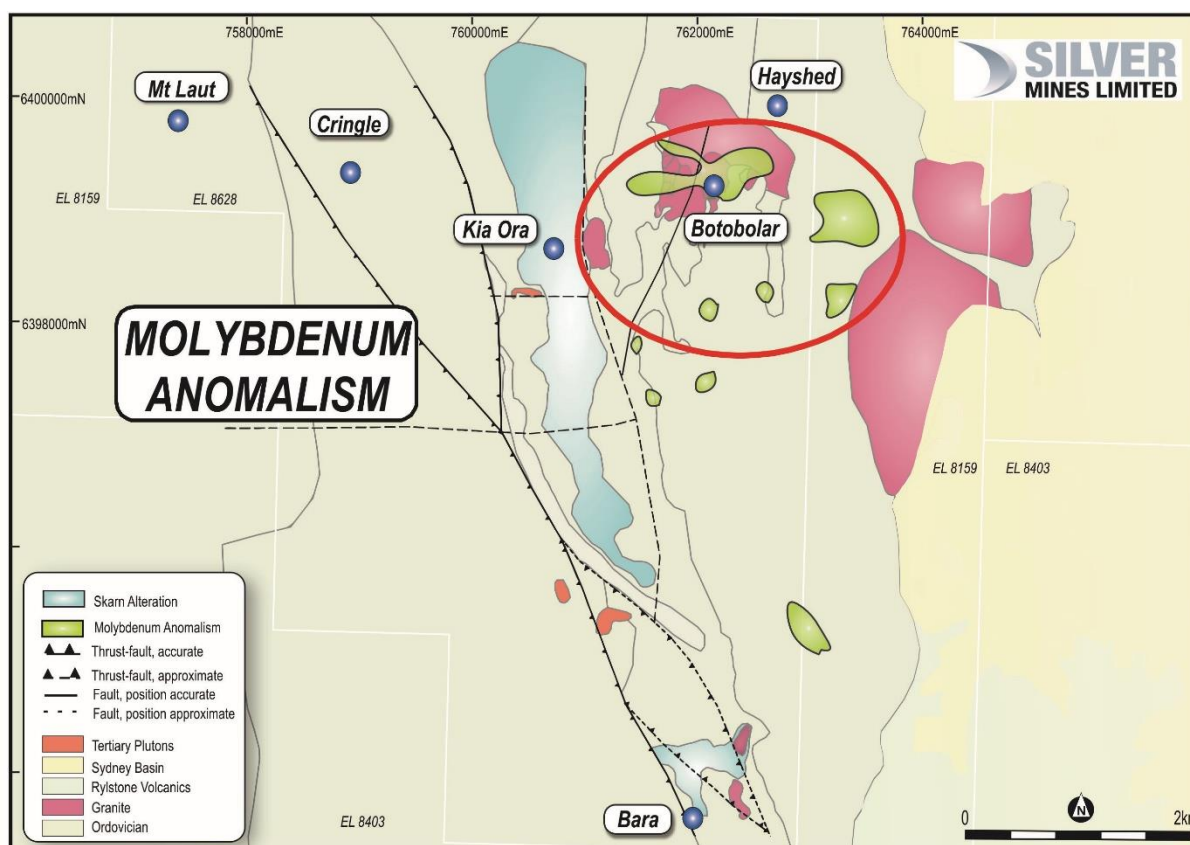


Figure 5: Barabolar prospect showing molybdenum anomalism.

Note: A version of the above Figure 5, coloured in accordance with the key in the bottom left hand corner of the above Figure, is available on each of the following websites:

- <https://www.asx.com.au/asx/statistics/announcements.do> (ticker:SVL); and
- <https://www.silvermines.com.au/>

In addition, a coloured version of the above Figure was disclosed by the Company in its ASX announcement dated 19 July 2018.

The Company recently completed 30 line kilometres of dipole-dipole Induced Polarisation (IP) including the collection of both chargeability and resistivity data. The survey was modelled and interpreted by the Company's own geological team with the assistance of specialist consultants. Areas of high chargeability are interpreted to potentially represent accumulations of sulphide mineralisation whereas the resistivity is potentially indicative of increased quartz veining and silicification.

Initial processing of the IP data into 2D format has been complete and further details along with 3D format analysis is expected to be completed by early August 2018.

The IP survey interpretation to date has generated several targets that are coincident or proximal to surface anomalism.

The Company is planning an initial drilling program of up to 7,500 metres of reverse circulation and diamond core drilling. Broad targets will be initially tested with shallow drill holes amounting to up to 5,000 metres of drilling. Targeted deeper holes totalling approximately 2,500 metres will also be undertaken. Drilling is expected to start in September, subject to planning and approvals.

For further details of the Barabolar Project refer to ASX Announcement 19 July 2018.

4.3 Bowdens Silver Project

The Bowdens Silver Project is the largest known undeveloped silver deposit in Australia with substantial resources. A considerable body of high quality technical work has been completed. The Project boasts outstanding logistics for future mine development.

In June 2018, the Company and its consultants completed a Feasibility Study comprising a single open-cut mine with an initial mine life of 16 years. A new processing plant designed to process 2.0 million tonnes per annum would include a conventional SAG and ball mill circuit, differential flotation, thickening and dewatering to produce two concentrates that will be sold for smelting and refining to finished metals. The Feasibility Study has demonstrated that the Project will produce an average of 3.4 million ounces of silver per annum, together with approximately 6,900 tonnes of zinc and 5,100 tonnes of lead per annum. Due to higher silver grades in the early stages of mining, average production during the first three years of operation will be approximately 5.4 million ounces of silver per annum and 6,000 tonnes of zinc per annum and 5,200 tonnes of lead per annum.

For further details of the Feasibility Study, refer to ASX Announcement 14 June 2018. As the Feasibility Study has been completed, and whilst the Environmental Impact Statement for the Bowdens Silver Project (**EIS**) is being completed, the Directors believe that it is in the best interests of the Shareholders that the Company primarily focuses its attention and expenditure on further exploration activities in relation to the Barabolar Project, as discussed above.

Once the EIS has been completed, the Company intends to lodge a Mining Lease application in conjunction with a Development Application.

4.4 Other Projects

The Company and its wholly owned subsidiaries also continue to maintain the following projects, all of which are located in New South Wales, Australia:

- Webbs Project (silver/polymetallic);
- Conrad Project (silver/polymetallic); and
- Tuena Project (gold/silver).

The Conrad polymetallic project is located near Inverell, New South Wales. The tenements include three mining leases (MLs 5992, 6040 and 6041), one EPL (EPL 1050) and one exploration licence (EL 5977).

The Webbs polymetallic project (EL 5674) is located near Glen Innes in the New England region of northern New South Wales.

Conrad and Webbs are 100% held by the Company and both contain high grade silver and polymetallic resources.

The Company also holds 100% of EL8526, being the Tuena Project. The Tuena Project tenement is located in the south of Orange, New South Wales and the area is targeted for precious metals.

Conrad, Webbs and Tuena are non-core assets to the Company, as such, a divestment strategy for these projects is being considered.

Further details on each project can be found below or on the Company's website (www.silvermines.com.au).

4.5 Competent Persons Statement

The information in this Prospectus that relates to mineral exploration in each of the Company's projects is based on information compiled by the Bowdens Silver team and reviewed by Mr Darren Holden who is an advisor to the Company. Mr Holden is a member of the Australasian Institute of Mining and Metallurgy 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**). Mr Holden consents to the inclusion in this Prospectus of the matters based on the information in the form and context in which it appears.

5. DETAILS OF THE OFFER

5.1 The Offer

The Entitlement Offer is being made as a renounceable entitlement issue of one (1) New Share for every four (4) Shares held by Eligible Shareholders on the Record Date, at an issue price of \$0.03 per New Share, together with one (1) free attaching New Option for every two (2) New Shares subscribed for and issued.

The New Options will be quoted, with an exercise price of \$0.06 and an expiry date that is the third anniversary of the date of issue.

The Offer Price of \$0.03 per New Share is a 23% discount to the last closing price of \$0.039.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 128,200,214 New Shares and 64,100,107 New Options will be issued pursuant to this Offer to raise approximately \$3,846,006, before costs associated with the Offers. Fractional entitlements will be rounded up to the nearest whole number.

No funds will be raised from the issue of the New Options.

All of the New Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 0 for further information regarding the rights and liabilities attaching to the New Shares.

All of the New Options will be issued on the terms and conditions set out in Section 7 of this Prospectus.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offers and the intended use of funds raised are set out in Section 6.1 of this Prospectus.

5.2 Minimum subscription

There is no minimum subscription to the Entitlement Offer.

5.3 Alternatives for Eligible Shareholders

Accompanying this Prospectus is a personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all of their Entitlement;
- (b) take up all of their Entitlement and apply for Shortfall Securities under the Shortfall Offer;
- (c) sell all of their Entitlement on the ASX;
- (d) take up a proportion of their Entitlement and sell the remainder on the ASX;
- (e) take up a proportion of their Entitlement and allow the balance to lapse;
- (f) sell all or a proportion of their Entitlement other than on the ASX; or
- (g) allow all or part of their Entitlement to lapse.

5.4 Acceptance

Your acceptance of the Entitlement Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

You may participate in the Entitlement Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft or arrange BPAY®, for the full dollar amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft or arrange BPAY®, for the appropriate application monies (being the number of New Shares that you indicate in the Entitlement and Acceptance Form that you wish to acquire, multiplied by \$0.03 per New Share); or
- (c) if you wish to subscribe for **more** than your Entitlement:
 - (i) fill in the number of New Shares you wish to accept in addition to your Entitlement in the relevant space allocated on the Entitlement and Acceptance Form to the Shortfall Offer; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft or arrange BPAY®, for the appropriate application monies (being the total number of New Shares that you indicate in the Entitlement and Acceptance Form that you wish to acquire, multiplied by \$0.03 per Share).

5.5 Selling all or part of your Entitlement

Your Entitlements are renounceable, meaning that if you are an Eligible Shareholder, you may trade your rights to the Entitlement Offer on the ASX. Trading of Entitlements will commence on 9 August 2018 and will close on 31 August 2018.

The Company does not guarantee that Eligible Shareholders will be able to sell their Entitlements, in whole or in part, or that any particular price for those Entitlements will be achieved.

You may sell your Entitlements as follows:

- (a) if you wish to **sell all** of your Entitlement on the ASX, you should provide instructions to your stockbroker to sell all your Entitlement; or
- (b) if you wish **accept part** of your Entitlement and **sell part or all of the balance**, you should:
 - (i) complete the Entitlement and Acceptance Form for the number of New Shares that you wish to accept;

- (ii) attach your cheque, drawn on an Australian bank or bank draft or arrange BPAY®, for the dollar amount that is equal to the number of New Shares that you indicate in the Entitlement and Acceptance Form that you wish to acquire, multiplied by \$0.03 per New Share; and
- (iii) subsequently, provide instructions to your stockbroker to sell the proportion of your Entitlement that you wish to sell.

5.6 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**Silver Mines Limited**” and crossed “**Not Negotiable**”.

Your completed Entitlement and Acceptance Form and cheque must reach the Share Registry no later than 5:00 p.m. AEST on the Closing Date.

5.7 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by the application monies that you have paid.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 4:00 p.m. (AEST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

5.8 Shortfall Offer

Any New Shares not taken up pursuant to the Entitlement Offer will form the Shortfall Securities that will be offered under the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to the Shortfall Offer Period. The issue price of each Shortfall Security to be issued pursuant to the Shortfall Offer will be \$0.03 being the price at which New Shares have been offered under the Entitlement Offer.

Eligible Shareholders who wish to subscribe for New Shares and New Options above their Entitlement are invited to apply for Shortfall Securities under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such Shares using BPAY® (refer to Section 5.7 above).

Shortfall Securities will be allocated in accordance with the terms of Section 3.11.

If the number of Shortfall Securities available under the Shortfall Offer is less than the number applied for, surplus Application Monies will be refunded in full as soon as practicable after the closing date of the Shortfall Offer. Interest will not be paid on Application Monies refunded.

The Company notes that no New Shares will be issued under the Entitlement Offer or Shortfall Securities under the Shortfall Offer if the issue of those Securities would contravene the takeover provisions in section 606 of the Corporations Act. Similarly, no Shortfall Securities will be issued under the Shortfall Offer to any related parties of the Company, as the term “related party” is defined in section 228 of the Corporations Act..

5.9 ASX Listing

Application for Official Quotation of all Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of any of the Securities offered pursuant to this Prospectus before the expiration of three (3) months after the date of the issue of this Prospectus (or such longer period as varied by ASIC), the Company will not issue any Securities and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities offered pursuant to this Prospectus is not to be taken in any way as an indication of the merits of the Company or those Securities.

5.10 Issue of Securities

Securities issued pursuant to the Entitlement Offer will be issued in accordance with the Listing Rules and timetable set out at the commencement of this Prospectus.

Shortfall Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis during the Shortfall Offer Period and after its termination. Where the number of Shortfall Securities issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Where the number of Securities issued is less than the number applied for or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the latter to occur of the issue of the Securities, payment of refunds pursuant to this Prospectus and ASX granting Official Quotation of the Securities offered under this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offers will be distributed in accordance with the Listing Rules and timetable set out at the commencement of this Prospectus.

5.11 Overseas Shareholders

Neither of the Offers constitutes an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, neither of the Offers is being extended, and no New Shares or New Options will be issued, to Shareholders with a registered address which is outside Australia or New Zealand.

The Offers are being made in New Zealand pursuant to the *Securities Act (Overseas Companies) Exemption Notice 2013*.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under either of the Offers does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance form will be taken by the Company to constitute a representation that there has not been, and will not be, any breach of any of those regulations.

No action has been taken to register or qualify the New Shares or New Options or the Offers, or to otherwise permit a public offering of New Securities, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the New Shares and the New Options have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States unless the New Shares and the New Options are registered under the US Securities Act, or offered or sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

5.12 Appointment of Nominee

Pursuant to ASX Listing Rule 7.7, the Company has appointed the Underwriter as the nominee to sell the Entitlements to which Ineligible Shareholders are entitled. The Underwriter will have the absolute discretion to determine the terms of any such sale, including the timing, price and manner of transfer.

If any interest is earned on the proceeds of the sale of Entitlements, such interest will be applied firstly against the expenses of the sale (including brokerage) and the net proceeds will be payable to the applicable Ineligible Shareholder as soon as practicable.

If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company. Ineligible Shareholders may receive no net proceeds if the costs of the sale are greater than the sale proceeds. In this regard, the Underwriter will not be required to sell Ineligible Shareholders' Entitlement at a particular price. Neither the Company nor the Underwriter will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of the Underwriter, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale of the Entitlements that would have been offered to the Ineligible Shareholders cannot be obtained, then those Entitlements will be allowed to lapse.

5.13 Withdrawal of the Offer

The Company reserves the right to withdraw all or part of the Offer, and this Prospectus, at any time, subject to applicable laws. In that case, the Company will refund Application Monies relating to any Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to the Company will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to the Company.

5.14 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, Trent Franklin on +61 2 8316 3997

6. PURPOSE AND EFFECT OF THE OFFER

6.1 Purpose of the Offer

The purpose of the Offers is to raise up to \$3,846,006 (before costs associated with the Offers). No funds will be raised from the issue of the New Options or the Underwriter Options.

The funds raised from the Entitlement Offer and the Shortfall Offer are planned to be used for the following purposes:

Expenditure Item	Full Subscription (\$)	%
Exploration ¹	2,350,000	61.1%
Environmental Impact Statement and Feasibility Works ²	500,000	13.0%
Corporate ³	635,540	16.5%
Costs associated with the Offer ⁴	360,466	9.4%
Total	3,846,006	100.0%

Notes:

1. Exploration primarily is associated with the Barabolar Project (*refer to Section 4.2*).
2. Environmental Impact Statement and Feasibility Works allocation is in relation to the Bowdens Silver Project (*refer to Section 4.3*).
3. Corporate is allocated towards board and management costs, insurances, accounting, auditing, ASX, ASIC and registry costs and other corporate related costs.
4. Costs associated with the offer (*refer to Section 9.9*).

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of the funds raised as set out in the table above may change depending on various factors including, but not limited to the success of the Company's business plan, marketing campaigns, business development, regulatory developments and economic decisions. The Company reserves the right to alter the purposes and/or the amounts in which any of those funds may be applied.

6.2 Effect of the Offers

The principal effect of the Offers, assuming all Securities offered under this Prospectus are subscribed for, will be to:

- (a) increase the cash reserves by \$3,485,540 (after deducting the estimated expenses of the Offer) immediately after completion of the Offers;
- (b) increase the number of Shares on issue from 512,800,856 as at the date of this Prospectus to 641,001,070 Shares following completion of the Offers; and
- (c) increase the number of Options on issue from 14,000,000 as at the date of this Prospectus to 82,100,107 Options following completion.

6.3 Pro-forma consolidated Group statement of financial position

Set out below is the consolidated Group audit reviewed statement of financial position as at 31 December 2017 and the pro-forma unaudited statement of financial position as at 31 December 2017 taking into account the effect of:

- (a) the Placement undertaken by the Company in March 2018 (refer to the Company's ASX Announcement dated 4 April 2018); and
- (b) the Offers.

This pro-forma is not intended to be a statement of the Group's current financial position. The Group's pro-forma statement of financial position has been prepared assuming all Entitlements are accepted and includes the expenses of the Offers.

The Group prepares its financial statements in accordance with the requirements of the Corporations Act, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**). The accounting policies upon which the pro-forma information has been prepared are set out in the Group's financial statements for the financial year ended 31 December 2017. A copy of the Group's financial statements for the financial year ended 31 December 2017 can be viewed on the ASX platform (ticker: SVL). The Group's pro-forma consolidated statement of financial position is presented in abbreviated form and does not contain all of the disclosures that are usually found in financial statements prepared in accordance with the Corporations Act. The information is not represented as being indicative of the Group's current or future financial condition and/or performance.

The Group's pro-forma statement of financial position has been prepared to provide investors with information on the assets and liabilities of the Group and pro-forma assets and liabilities of the Group as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Reviewed 31/12/2017	March 2018 Placement	Adjusted Balance (Post March 2018 Placement)	Pro-forma (Right Issue)	Pro-forma (Post Right Issue and Offer)
	A\$	A\$	A\$	A\$	A\$
Current assets					
Cash and cash equivalents	1,540,238	2,570,040	4,110,278	3,485,540	7,595,818
Receivables	103,769		103,769		103,769
Inventory – livestock	160,948		160,948		160,948
Total current assets	1,804,955	2,570,040	4,374,995	3,485,540	7,860,535
Non-current assets					
Other financial assets	61,000		61,000		61,000
Deferred exploration and development	44,829,131		44,829,131		44,829,131
Intangible assets	1,710,000		1,710,000		1,710,000
Land & Buildings	7,670,966		7,670,966		7,670,966
Property, plant & equipment	425,657		425,657		425,657
Total non-current assets	54,696,754	-	54,696,754	-	54,696,754
Total assets	56,501,709	2,570,040	59,071,749	3,485,540	62,557,289
Current liabilities					
Payables	1,216,877		1,216,877		1,216,877
Employee provisions	192,534		192,534		192,534
Total current liabilities	1,409,411	-	1,409,411	-	1,409,411
Total liabilities	1,409,411	-	1,409,411	-	1,409,411
Net assets (Liabilities)	55,092,298	2,570,040	57,662,338	3,485,540	61,147,878
Equity					
Contributed equity	75,133,739	2,570,040	77,703,779	3,485,540	81,189,319
Reserve	4,000,000		4,000,000		4,000,000
Accumulated losses	(24,041,441)		(24,041,441)		(24,041,441)
Total equity	55,092,298	2,570,040	57,662,338	3,485,540	61,147,878

Other than as outlined in the table, these pro-forma financial statements do not include any change since 31 December 2017. Shareholders and investors should consider announcements released to the market since 31 December 2017 when evaluating the Group's movements in financial position and the effect of the Offers.

6.4 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming all Entitlements are accepted is set out below.

Shares

Item	No. of Shares	% of issued capital
Shares currently on issue	512,800,856	80.00%
New Shares offered under the Entitlement Offer ¹	128,200,214	20.00%
Total	641,001,070	100.00%

Notes

1. Assumes full subscription of Offers.

Options

Item	No. of Options
Options currently on issue	14,000,000 ¹
New Options offered pursuant to the Offer (Exercisable at \$0.06 per New Option on or before the third anniversary of the issue date)	64,100,107
Underwriter Options issued to Underwriter (Exercisable at \$0.06 per New Option on or before the third anniversary of the issue date)	4,000,000
Total Options on issue after completion of the Offer	82,100,107

1. comprised of the following:

- 9,000,000 unquoted Options, exercisable at \$0.30 and expiring on 20 June 2019; and
- 5,000,000 unquoted Options, exercisable at \$0.20 and expiring three years from the date of achievement of certain milestones (for details, see the Company's Notice of 2017 Annual General Meeting published on 31 October 2017).

6.5 Details of substantial holders

Based on the Company's share register at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Name of substantial holder	Number of Shares	Percentage (%)
Seneca Securities Pty Ltd	36,000,000	7.02%

7. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

7.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should obtain a copy of the Constitution, a copy of which is available to inspect during business hours at the registered office of the Company or that is available at ## and, if required, seek independent legal advice.

The Shares are all fully paid ordinary shares in the issued capital of the Company, and that is the only class of shares in that issued capital. The New Shares will rank equally with, and have the same rights and entitlements, in all other respects as the existing Shares, including for any dividend issued after the date of this Prospectus. The Company is registered in Australia under the Corporations Act.

The rights and liabilities attaching to Shares are:

- set out in the Constitution; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules, ASX Settlement Operating Rules and the general law.

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) Voting Rights

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

(c) Dividend Rights

The New Shares will rank equally with all other issued Shares in the capital of the Company and will participate in any dividends the Directors may determine to distribute out of profits earned by the Company from time to time. Subject to the rights of holders of Shares of any special preferential or qualified rights attaching thereto, the profits of the Company are divisible amongst Shareholders in proportion to the amounts paid up (not credited) on the Shares held by them. The Directors may from time to time pay to Shareholders such dividends as in their judgment the position of the Company justifies.

(d) Winding-Up

Upon paying the Application Monies for New Shares, an Applicant will have no further liability to make payments in respect of those New Shares, to the Company in the event of the Company being wound up. In the event that the Company is wound up:

- the assets available for distribution among the Shareholders shall be distributed amongst the Shareholders entitled to the assets in proportion to the amounts paid up on their respective Shareholdings;
- the liquidator may with the passing of a special resolution of the Company, divide amongst the Shareholders, in kind, the whole or any part of the assets of the Company and may for that purpose set such values for those assets as they deem fair upon any property to be so divided and may determine how the division shall be carried out as between the Shareholders or different classes of Shareholders.

(e) Power to issue Shares

Subject to the Listing Rules, the Board may issue such number of Shares as it determines. The Board may issue Shares that rank as to voting or distribution rights, or both, equally or in priority to any existing Shares.

(f) Transfer of Securities

Generally, the securities in the capital of the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Directors may decline to register any transfer of securities if the transfer would result in the contravention of Australian law or the Listing Rules.

(g) Sale of non-marketable holdings

The Company may take steps in respect of non-marketable holdings of Shares to effect an orderly sale of those Shares in the event that Shareholders do not take steps to retain their respective Shareholdings.

The Company may only take steps to eliminate non-marketable Shareholdings in accordance with the Corporations Act and the Listing Rules.

For more particular details of the rights attaching to Shares, investors should refer to the Constitution.

7.2 Options

The New Options and the Underwriter Options entitle the Optionholder to subscribe for Shares on the following terms and conditions:

(a) Entitlement:

Each New Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the term and conditions of the Options.

(b) Exercise Price:

Subject to any variation in share capital, the amount payable upon exercise of each Option will be \$0.06 (**Exercise Price**).

(c) Expiry Date

The Options will, except to the extent earlier exercised, expire at 5:00 p.m. (AEST) on the third anniversary of their issue date (**Option Expiry Date**). Any Option not exercised before the Option Expiry Date will automatically lapse on the Option Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Option Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price in full for each Option being exercised, in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of Issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued under exercise

Shares issued on exercise of the Options will rank equally with the then issued Shares of the Company.

(i) Quotations of Shares issued on exercise

If admitted to the official list of the ASX at the Exercise Date, application will be made by the Company to ASX for Official Quotation of the Shares issued upon exercise of the applicable Options.

(j) Variation of Share Capital

If at any time the issued capital of the Company is reconstructed, the number of Options and the Exercise Price will be adjusted in such a manner as the auditors for the time being of the Company will in writing advise the Directors to be in their opinion fair and reasonable, and in any event, in accordance with the provisions of the Listing Rules.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders (each a **New Issue**) during the currency of the Options, without first exercising the Options. However the Company will notify all holders of Options that are permitted to be exercised prior to the record or other qualifying date applicable to any New Issue that is to be made on a pro rata basis to all then existing Shareholders, no less than 10 Business Days prior to the closing date of the offer period attaching that proposed New Issue, in order to enable those Option holders to exercise some or all of their respective Options and thereby participate in that New Issue.

(l) Change in exercise price

Other than as provided for in sub-paragraph (j) above, an Option does not confer the right to a change in the Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Quotation

The Company intends to apply for official quotation of the Options on ASX. If the ASX does not grant Official Quotation of the Options, the Options will be unlisted and, as referred to in sub-paragraph (g)(ii) above, the Company will issue a notice that seeks to comply with the applicable provisions of the Corporations Act.

(n) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

8. RISK FACTORS

8.1 Introduction

Any investment carried out under this Prospectus should be considered highly speculative. Due to the nature of the Company's business activities and mineral exploration interests, making or increasing an investment in the Company carries with it risks reasonably expected of an investment in a business of this type. Applicants should read this Prospectus in full, consider the risk factors described within it and all other relevant material including the Company's announcements. If an Applicant is in any doubt, or requires clarification or further additional information, that Applicant should contact their stockbroker, accountant, solicitor or other professional adviser.

Additional risks are detailed below. These risk factors should not be taken as being exhaustive of the risks faced by the Company or an investment in the Company. The risk factors described below, and others not specifically referred to below, may, in the future, affect the financial performance of the Company and the value of an investment in the Company.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially and adversely affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, those Securities carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 Key Risks and dependencies associated with the Company include:

(a) Dilution risk

Upon completion of the Offers (assuming full subscription) the number of Shares will increase from 512,800,856 currently on issue, to 641,001,070 Shares. This means existing Shareholders may have their existing Shareholdings in the Company diluted by up to approximately 20%.

The Company also currently has 14,000,000 Options on issue and will issue an additional 64,100,107 New Options if the Offer is fully subscribed and a further 4,000,000 Underwriter Options to the Underwriter. The exercise of part or all of these Options will have a dilutionary effect on a Shareholder's interest in the Company.

(b) Changes in commodity price

In the event that the Company proceeds to a production scenario, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price risk. Commodity prices (including for silver) fluctuate and are affected by many factors beyond the control of the Company and the Board. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities, foreign exchange rates, insurance costs, interest rates and other macro-economic factors.

Commodity price assumptions used in the Bowdens Silver Ore Reserve and Feasibility Study calculations are in excess of current spot commodity prices (refer to ASX Announcement of 14 June 2018). The outcomes of Ore Reserve calculations and the Feasibility Study may vary with fluctuating commodity prices.

(c) Operational risk

If the Company decides to develop and commission a mine, the operations of the Company including mining and processing may be affected by a range of factors. These include failure to achieve predicted mineral grade, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems, changes in operational, capital and sustaining costs, adverse or seasonal weather conditions, adverse geological conditions, industrial and environmental accidents, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and inability to obtain or maintain any necessary consents or approvals.

(d) Financing

The Company's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds. There can be no assurance that any such equity or debt funding will be available to the Company on terms acceptable to the Board or Shareholders, or at all. If adequate funds are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures.

The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities and the value of the Shares and Options.

No assurances can be given that the Company will achieve commercial viability through successful exploration and/or mining. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(e) Ore Reserve and Mineral Resources estimates risk

Ore Reserve and Mineral Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, Ore Reserve and Mineral Resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(f) Native Title risks

Both the Native Title Act 1993 (Cth), related State Native Title legislation and Aboriginal land rights and Aboriginal heritage legislation may affect the Company's ability to gain access to prospective exploration areas or obtain production titles. Compensatory obligations may be necessary in settling Native Title claims if lodged over any tenements acquired by the Company.

In New South Wales, the Native Title legislation imposes a duty of care which requires persons, including the Company, to take all reasonable and practical measures to avoid damaging or destroying Aboriginal cultural heritage. This obligation applies across New South Wales and requires the Company to develop suitable internal procedures to discharge its duty of care in order to avoid exposure to substantial financial penalties if its activities damage items of cultural significance. Under this legislation, Indigenous people can exercise control over land with respect to cultural heritage without necessarily having established the connection element (as required under native title law). This creates a potential risk that the tenement holder may have to deal with several Indigenous individuals or corporations, where no native title has been established, to identify and manage cultural heritage issues. This could result in tenement holders requiring lengthy lead times to manage cultural heritage for their projects. In turn, this may result in delays and/or alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(g) Reliance on key personnel

The Company has a small team of Directors, executives, consultants and senior personnel. It is possible that the estimated timing and cost of the Company's future exploration plans could be dramatically influenced by the loss of existing key personnel or by the failure to retain additional key personnel as the Company's exploration program develops. The resulting impact from such loss would be dependent upon the quality and timing of the replacement of any team member.

Although the key personnel of the Company have a considerable amount of experience and have previously been successful in their pursuits of acquiring, exploring and evaluating mineral projects, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Prospectus.

(h) Liquidity and volatility

The Company has a small market capitalisation with a relatively limited number of Shareholders. As a consequence, there may be relatively few buyers or sellers of the securities in its issued capital as quoted on the ASX at any given time and the market price may be highly volatile (particularly in times of share market turbulence or negative investor sentiment). This may present difficulties for Shareholders seeking to liquidate their holdings and for the Company, when and if seeking to raise any additional capital.

(i) Exploration risk

There can be no guarantee that planned exploration programs will lead to positive exploration results and the discovery of a commercial deposit or further, a commercial mining operation. By its nature the business of mineral exploration, which the Company will be undertaking, contains risks. By its nature, mineral exploration and production is a speculative endeavour and can be hampered by the unpredictable nature of mineral deposits, particularly with respect to predicted extrapolations to depth from known mineralisation, poor drilling techniques, incorrect grade estimates, unforeseen and adverse ground conditions, flooding, inclement weather, poor equipment availability, force majeure circumstances and cost overruns from unforeseen events. Resource estimates themselves are necessarily imprecise and depend upon interpretations that can prove to be inaccurate. Any future successful mining operation will depend on exploration success, mineral resource calculations, appropriate economic circumstances, ore reserve calculations, successful statutory planning approvals, mine design and the construction of efficient processing facilities, competent operation and management and efficient financial management.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its exploration licences, and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the tenements, a reduction in the cash reserves of the Company and possible relinquishment of tenements.

(j) Environmental risk

The Company's operations and projects are subject to state and federal laws and regulations concerning the environment. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on the Company for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by the Company or its subsidiaries, or non-compliance with environmental laws or regulations.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires, may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The Company proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage.

(k) Contractual risks

As in any contractual relationship, the ability for the Company to ultimately be registered as a holder of an interest in the tenements is dependent upon the relevant vendor complying with its contractual obligations to deliver good title. To the extent that such third parties default in their obligations, it may be necessary for the Company to approach a court to seek a legal remedy. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

(l) Land access risk

Land access is critical for exploration and evaluation to succeed. In all cases, the acquisition of prospective tenements is competitive, in which propriety knowledge or information, and the ability to negotiate satisfactory commercial arrangements with other parties, is often essential.

(m) Regulatory risk

The Company's mining operations, exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities. Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain or retain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

(n) Government policy

The availability and rights to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of the Company. The New South Wales Minister for Industry, Resources and Energy conducts reviews from time to time of policies in connection with the granting and administration of mining tenements. At present the Company is not aware of any proposed changes to policy that would affect its tenements.

Changing attitudes to environmental, land care, cultural heritage and Indigenous land rights' issues, together with the nature of the political process, provide the possibility for future policy changes. There is a risk that such changes may affect the Company's exploration plans or, indeed, its rights and/or obligations with respect to the tenements.

(o) Title

Interests in tenements in Australia are governed by the respective State Government legislation and are evidenced by the granting of tenements through the issuing of a lease or licence. Each lease or licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interests in, tenements if licence conditions are not met or if sufficient funds are not available to meet expenditure commitments.

Any failure to comply with the expenditure conditions, or with the other conditions of a mining lease (**ML**) or an exploration licence (**EL**) may expose the ML or EL to forfeiture. In the event that the Company is successful in the discovery of an economic body of mineralisation within any EL, the Company will have the right to apply for a ML. An ML will only be granted on the terms and conditions that the relevant Minister considers appropriate. Once granted, such MLs or ELs are liable to forfeiture on breach of any conditions.

(p) Force majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(q) Competition

The industry in which the Company will be involved is subject to domestic and global competition. Some competitors of the Company have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors. As such, there can be no assurance that the Company will be able to compete effectively with these companies.

8.3 General Risks

A summary of the major general risks are described below:

(a) Share market risk

There are a number of factors (both domestic and international) that may affect the market price of Shares and Options and neither the Company nor its Directors may have control over any such factors. The market price of securities can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Australian resources sector and exploration companies in particular.

Neither the Company nor the Directors warrant the future performance of the Company or of any Shares or Options, or any return on an investment in the Company.

(b) General Economic Conditions

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, inflation, supply and demand, industrial disruption, investor sentiment toward particular market sectors, terrorism or other hostilities and other economic factors. The price of commodities and level of activity within the mining industry will also be of particular relevance. These factors are beyond the control of the Company and the Board, and neither the Company nor the Board may, with any degree of certainty, predict how they will impact the Company.

(c) Legislative change

Changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations generally of the Company.

(d) Exchange rate risk

The revenues, earnings, assets and liabilities of the Company may be exposed adversely to exchange rate fluctuation. Whilst the Company currently raises all of its funds in Australian dollars and all services are paid for in Australian dollars, commodities are frequently traded in US dollars or other foreign currencies, on international markets. As such in a production off-take scenario, the Company in the future may be exposed to exchange rate fluctuations.

(e) Industrial risk

Industrial disruptions, work stoppages, safety issues and accidents in the course of the Company's operations could result in losses and delays, which may adversely affect profitability.

(f) Investment risk

The Securities offered pursuant to this Prospectus should be considered highly speculative due to the nature of the Company's business. There is no guarantee as to payment of dividends, return of capital or the market value of any of the Securities. In particular, the prices at which an investor may be able to trade any of the Securities may be above or below the price paid for them.

(g) Insurance

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or only partially covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Further, insurance of all risks associated with mineral exploration is not always available, or may only be available on terms unacceptable to the Board or that are otherwise prohibitive.

(h) Taxation

The holding or disposal of the any Securities will have tax consequences which may differ depending on the individual financial affairs of each holder of such Security. All of holders of Securities are urged to obtain independent financial advice about the consequences of holding or disposing of any of those Securities from a taxation viewpoint and generally.

(i) No profits to date

The Company has incurred losses since its inception. It is therefore not possible to evaluate its prospects based on past performance. Since the Company intends to invest in its exploration and development program, the Directors anticipate making further losses in the foreseeable future. While the Directors have confidence in the future revenue-earning potential of the Company, there can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

(j) Other

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

9. ADDITIONAL INFORMATION

9.1 Currency of Information

The information in this Prospectus is dated 3rd August 2018. There may be additional announcements made by the Company after the date of this Prospectus and prior to the Closing Date that may be relevant to your consideration of whether or not to apply for New Shares. Therefore, you are encouraged to check whether any further announcements have been made by the Company on the Company's ASX Announcements platform or website, before submitting any application under the Entitlement Offer or Shortfall Offer. Please refer to ASX's website (Company ticker: SVL).

No party other than the Company has authorised or caused the issue of the information in this Prospectus, or takes any responsibility for, or makes any statements, representations or undertakings in this Prospectus.

9.2 Litigation

As at the date of this Prospectus, as far as the Directors are aware, the Company is not involved in any ongoing or potential litigation which is material in the context of the Company and its related bodies corporate.

9.3 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all companies whose securities are quoted on the ASX, the Company is required to continuously disclose to the market any information it has and which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is not required to, and does not, include all of the information that would be included in a prospectus for an initial public offering of securities in an entity not already listed on the ASX. The Company has, since listing, continuously disclosed to the market any information it has and which a reasonable person would expect to have a material effect on the price or the value of the Company's securities, and that information is publicly available. All Applicants should have regard to the publicly available information regarding the Company prior to making a decision whether to participate in either or both of the Offers.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the date of issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;

- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with ASIC;
 - (ii) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in sub-paragraph (c)(i) and before the lodgement of this Prospectus with ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in sub-paragraph (c)(i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours. Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest half-yearly financial report and before the lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description of Announcement
3 August 2018	\$3.85 Million Rights Issue to Fund Exploration at Barabolar
1 August 2018	Trading Halt
31 July 2018	Quarterly Activities and Cashflow Report
19 July 2018	Geophysics Produces Multiple Targets at Barabolar Project
26 June 2018	Silver Mines Presentation June 2018
22 June 2018	Drill Results Extend High Grade Northwest Mineralised Zone
14 June 2018	Feasibility Study – Bowdens Silver Project
30 May 2018	Maiden Ore Reserve – Bowdens Silver Project
22 May 2018	Expiry of Quoted Options
15 May 2018	Drilling Commences on High Impact Bowdens Targets
1 May 2018	Quarterly Activities and Cashflow Report
11 April 2018	Ceasing to be a substantial holder
10 April 2018	Becoming a substantial holder
10 April 2018	Ceasing to be a substantial holder
6 April 2018	Cleansing Prospectus
6 April 2018	Appendix 3B
4 April 2018	Reinstatement to Official Quotation
4 April 2018	Share Placement
29 March 2018	Voluntary suspension
26 March 2018	Suspension from Official Quotation
22 March 2018	Silver Mines Presentation March 2018
22 March 2018	Trading Halt
22 March 2018	Change in substantial holding
16 March 2018	Corporate Update

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

9.4 Material Contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company and the Offer:

Lead Manager and Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter agreed to manage and partially underwrite the Offer for \$2,500,000 (**Underwritten Amount**).

The Underwriting Agreement gives the Underwriter the right to enter into sub-underwriting agreements to pass on some or all of its obligations to subscribe for the Shortfall under the Underwriting Agreement. Any fees payable to sub-underwriters will be borne by the Underwriter out of its Underwriting Fees.

The material terms of the Underwriting Agreement are summarised below.

Fees: The Underwriter will be paid:

The Underwriter will be paid the following:

- A corporate advisory fee of \$60,000;
- A management fee of 2% of the total amount raised under the Offer;
- An underwriting fee of 4% of the gross amount raised under the Offer; and
- 4,000,000 Underwriter Options on the same terms as the New Options issued under the Entitlements Issue.

(collectively **Underwriting Fees**).

Any sub underwriting fees will be paid by the Underwriter from its Underwriting Fee.

Underwriter's right to terminate: The Underwriter may terminate its obligations under the Underwriting Agreement if, at any time, prior to 5:00 p.m. on the Closing Date if:

- (a) (**Indices fall**): either of the All Ordinaries Index or the S&P/ASX Small Ordinaries Index as published by ASX is at any time after the date of the Underwriting Agreement, is at a level that is 7.5% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (b) (**Share Price**): the Shares of the Company that trade on the ASX under the ASX code of "SVL" close on any is less than the issue price of the Rights Shares; or
- (c) (**No Official Quotation**): Official Quotation has not been granted for all the Rights Shares by the date under which the Company is required to provide the Underwriter with notice of the shortfall (**Shortfall Notice Deadline Date**) or, having been granted, is subsequently withdrawn, withheld or qualified; or

(d) **(Supplementary Prospectus):**

- (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in clause (a)a.i(vi), forms the view on reasonable grounds that a supplementary or replacement Prospectus should be lodged with ASIC and the Company fails to lodge a supplementary or replacement Prospectus in such form and content and within such time as the Underwriter may reasonably require; or
- (ii) the Company lodges a supplementary or replacement Prospectus without the prior written agreement of the Underwriter; or

(e) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information required by the Corporations Act; or

(f) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus or if any statement in the becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive and the Company does not remedy the statement via lodgement of a supplementary prospectus within a reasonably prompt period of time;

(g) **(Restriction on allotment):** the Company is prevented from allotting the Rights Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;

(h) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;

(i) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;

(j) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;

(k) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Japan, Russia, the United Kingdom, the United States of America, France, North Korea, the People's Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;

(l) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;

(m) **(Indictable offence):** a director or senior manager of the Company is charged with an indictable offence;

(n) **(Termination Events):** any of the following events occurs:

- (i) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;

- (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
- (iii) **(Contravention of constitution or Act)**: a contravention by the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (iv) **(Adverse change)**: an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or its subsidiaries (each a **Relevant Company**) including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (v) **(Error in Due Diligence Results)**: it transpires that any of the due diligence results or any part of the due diligence verification material was false, misleading or deceptive in a material respect or that there was a material omission from them;
- (vi) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) **(Public statements)**: without the prior approval of the Underwriter (which must not be unreasonably withheld or delayed) a public statement is made by the Company in relation to the Offer, the issue of Rights Securities (**Issue**) or the Prospectus;
- (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
- (x) **(Change in Act or policy)**: there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xii) **(Event of Insolvency)**: an event of insolvency occurs in respect of a Relevant Company;
- (xiii) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$25,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xiv) **(Litigation)**: material litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or its subsidiaries, other than any claims disclosed to the Underwriter in writing prior to the date of the Underwriting Agreement or foreshadowed in the Prospectus;
- (xv) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter;

- (xvi) **(Change in shareholdings)**: there is a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or its subsidiaries;
- (xvii) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 3 Business Days, without the written consent of the Underwriter (such consent not to be unreasonably withheld or delayed);
- (xviii) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xix) **(Certain resolutions passed)**: the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xx) **(Capital Structure)**: the Company alters its capital structure in any manner not contemplated by the Prospectus or the Underwriting Agreement or as otherwise disclosed to the Underwriter;
- (xxi) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a the Company; or
- (xxii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement is otherwise made on terms considered standard for an agreement of its nature.

9.5 Interests of Directors

Other than as set out below and otherwise in this Prospectus, no Director or proposed Director holds, or has held within the two years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

As at the date of this Prospectus, the Directors (and their respective associates) have interests in the Securities as set out in the table below.

Interests include those held directly and indirectly.

Director	Number of Shares currently held	Number of Options currently held	% voting power in the Company
Keith Perrett	1,000,000	500,000	0.20%
Anthony McClure	17,875,000	Nil	3.49%
Peter Langworthy	500,000	1,000,000	0.10%
Jonathan Battershill	500,000	6,000,000	0.10%

9.6 Agreements with Directors and Related Parties

The Company's policy in respect of Related Party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

9.7 Interests of experts and advisers

Other than as set out elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the two years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

The Underwriter will be paid fees of approximately \$367,680 in respect of the Offers. The Underwriter will also receive 4,000,000 Underwriter Options as part of its engagement. During the 24 months preceding lodgement of this Prospectus with ASIC, the Underwriter has not been paid any fees in the form of either cash or Shares from the Company.

Enrizen Lawyers Pty Ltd has acted as a solicitor to the Company in relation to the Offer. The Company estimates it will pay Enrizen Lawyers Pty Ltd \$30,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Enrizen Lawyers has been paid approximately \$55,204 for legal services provided to the Company which do not relate to this Prospectus or the Offers.

9.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, , any underwriters, persons named in this Prospectus with their consent having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading and deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, the other parties involved in the preparation of this Prospectus can also be personally responsible for certain statements made in it.

Each of the parties referred to in this Section 9.8:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Patersons Securities Limited has given its written consent to being named as Underwriter and nominee to the Offers in this Prospectus, in the form and context in which it is named and in which it appears in this Prospectus. Patersons Securities Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Crowe Horwath Sydney has given its written consent to being named as the auditor of the Company in this Prospectus and the inclusion of the 31 December 2017 audit-reviewed balance sheet of the Company as extracted from the Company's 31 December 2017 Half-Yearly Report in Section 6.3. Crowe Horwath has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Darren Holden has given and has not before lodgement of this Prospectus withdrawn his consent to be named in this Prospectus as a technical advisor to the Company, in the form and context in which he is named. Darren Holden has not authorised or caused the issue of this Prospectus.

Enrizen Lawyers Pty Limited has given and has not before lodgement of this Prospectus withdrawn its consent to be named in this Prospectus as the Company's legal adviser in the form and context in which it is named. Enrizen Lawyers Pty Limited has not authorised or caused the issue of this Prospectus.

Boardroom Pty Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Boardroom Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

9.9 Expenses of the Offers

In the event that all Entitlements are accepted, the total expenses of the Offers are estimated to be approximately \$360,466 (excluding GST) and are expected to be applied towards the items set out in the table below:

ASIC fees	\$3,206
ASX fees	\$14,500
Underwriting Fees	\$290,760
Legal fees	\$30,000
Printing and distribution	\$22,000
Total	\$360,466

*Note this assumes that the all Underwriting Fees are paid in cash and does not take into account the Underwriter Options. The Company may, subject to Shareholder approval if necessary, pay the Underwriting Fees in Shares and/or Options. The Company confirms that the Underwriting Fees will not be paid in Shares to the Underwriter where the issue of Shares would result in the relevant interest of the Underwriter exceeding 19.99% of the voting power in the Company.

9.10 Electronic prospectus

This Prospectus and Entitlement and Acceptance Form will be issued to Eligible Shareholders in paper form or electronically where Eligible Shareholders have requested to receive notices by email.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms.

If you have not, please phone the Company on +61 2 8316 3997 and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9.11 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

9.12 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing certificates for any Shares or Options issued under the Offers. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares or Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders of Shares or Options if there have been any changes in their Security holding in the Company during the preceding month.

9.13 Privacy Act

If you complete an Application for Shares or Shares or Options, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder or Optionholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus. There may be a fee payable for such access.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares or Options, the Company may not be able to accept or process your Application.

9.14 Governing Law

This Prospectus, the Offers and any transactions created or entered into under the provisions of or as contemplated under this Prospectus or the Offers are subject to the laws of New South Wales, Australia. Any person who partakes in an Offer or any transactions created or entered into under the provisions of or as contemplated under this Prospectus submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

9.15 Cooling Off

There are no cooling-off rights applicable to a subscription for Securities available under the Offers. Applications for Securities may not be withdrawn once they have been accepted.

9.16 Disclaimer of representations

No person is authorised to give any information, or make any representation, in connection with the Offers which is not contained in this Prospectus. Any information which is not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offers. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants the future performance of the Company or the return on any investment made under this Prospectus.

9.17 Modification and withdrawal

The Company reserves the right to modify or withdraw the Offers or any one of them at any time after the publishing of this Prospectus. If the Company withdraws the Offers, any Application Monies received will be refunded (without interest) if the Securities have not already been issued in accordance with the Corporations Act.

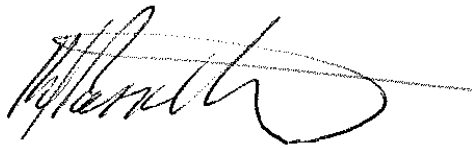
9.18 ASIC declarations and Listing Rule waivers

The Company has not been granted any waivers, exemptions or modifications by ASIC or ASX in connection with the Offers.

10. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

A handwritten signature in black ink, appearing to read 'Keith Perrett', written over a horizontal line.

Keith Perrett
Non-Executive Chairman
For and on behalf of
SILVER MINES LIMITED

11. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

AEST means Australian Eastern Standard Time.

Applicant means a Shareholder who applies for Securities pursuant to the Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.

Application means an application to subscribe for Securities under this Prospectus.

Application Form means an Entitlement and Acceptance Form.

Application Monies means money submitted by Applicants in respect of Applications.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in section 12(2) of the Corporations Act.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it as the context requires.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Bowdens Silver Project means the Bowdens silver project described in section 4.2.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company or **SVL** means Silver Mines Limited ACN 107 452 942.

Constitution means the constitution of the Company as at the date of this Prospectus.

Conrad or **Conrad Silver Project** means the Conrad silver project described in section 2.3.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholders means a Shareholder of the Company as at the Record Date, other than an Ineligible Shareholder.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Entitlement Offer means the non-renounceable entitlement issue of one (1) New Share for every four (4) Shares held by Eligible Shareholders at an issue price of \$0.03 per New Share, to raise \$3,846,006 before costs associated with the Offers (based on the number of Shares as at the date of this Prospectus) together with one (1) attaching New Option (for no cash consideration) for every two (2) New Shares subscribed for and issued

Group means the Company and any related body corporate or subsidiary of the Company at any time and from time to time.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Listing Rules means the listing rules of the ASX as amended from time to time.

New Option means an Option offered under the Entitlement Offer.

New Share means a Share offered under the Entitlement Offer.

Offer means either the Entitlement Offer or Shortfall Offer and **Offers** means both the Entitlement Offer and the Shortfall Offer.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share, and for the sake of clarity, includes the New Options and the Underwriter Options.

Optionholder means a holder of an Option.

Prospectus or **Offer Document** means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

related body corporate has the meaning given to that term in section 50 of the Corporations Act.

Related Party has the meaning given in Listing Rule 19.12.

relevant interest has the meaning given to that term in sections 608 and 609 of the Corporations Act.

Securities means New Shares and/or New Options.

Share means a fully paid ordinary share in the capital of the Company, and for the sake of clarity, includes the New Shares and the Shortfall Shares.

Shareholder means a holder of a Share.

Share Registry means the share registry of the Company that is, at the date of this Prospectus, Boardroom Pty Ltd ACN 003 209 836.

Shareholder means a holder of a Share.

Shortfall means the New Shares and New Options not applied for under the Entitlement Offer.

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in section 5.8 of this Prospectus.

Shortfall Offer Period means the period of three (3) calendar months following the Closing Date.

Shortfall Securities means those New Shares and New Options issued pursuant to the Shortfall Offer.

Shortfall Shares means those New Shares issued pursuant to the Shortfall Offer.

State Native Title Legislation means *Aboriginal Land Rights Act 1983* (NSW) and the *Native Title (New South Wales Act) 1994* (NSW).

subsidiary has the meaning given to that term in section 46 of the Corporations Act.

Tuena or Tuena Project means the Tuena project described in section 4.5.

Underwriter means Patersons Securities Limited ACN 008 896 311.

Underwriting Agreement means the underwriting agreement entered between the Company and the Underwriter as summarised in Section 9.4.

Underwriter Options means 4,000,000 Options to be issued to the Underwriter as part of their fees as acting as Underwriter to the Offer, under the same terms as the New Options.

voting power has the meaning given to that term in section 610 of the Corporations Act.

Webbs or Webbs Silver Project means the Webbs silver project described in section 4.4.