



# NOTICE OF ANNUAL GENERAL MEETING

**TIME:** 10:00 am (AEDT)

**DATE:** Wednesday, 28 November 2018

**PLACE:** Level 15, 1 O'Connell Street,  
Sydney NSW 2000 Australia

*This notice should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this notice please do not hesitate to contact the Company Secretary on +61 2 8316 3997.*

# TIME AND PLACE OF MEETING AND HOW TO VOTE

## 1. Venue

The Annual General Meeting of the Shareholders of Silver Mines Limited ACN 107 452 942 (ASX:SVL) (**Company**) to which this Notice relates, will be held at **10:00am (AEDT) on Wednesday, 28 November 2018** at Level 15, 1 O'Connell Street, Sydney NSW 2000 Australia.

## 2. Voting in person

To vote in person, you will be required to attend the Meeting on the date and at the place set out above.

## 3. Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post, to GPO Box 225, Sydney NSW 2001 Australia; or
  - (b) facsimile, to the Company (Attention: Company Secretary) on facsimile number +61 2 8316 3999,
- so that it is received not later than **10:00am (AEDT) on Monday, 26 November 2018**.

**Proxy Forms received later than this time will be invalid.**

# NOTICE OF MEETING

Notice is given that the Meeting of Shareholders will be held at **10:00am (AEDT) on Wednesday 28 November 2018** at Level 15, 1 O'Connell Street, Sydney NSW 2000 Australia.

The Explanatory Statement to this Notice provides additional information on matters to be considered at the Meeting. It is recommended that this Notice and the Explanatory Statement are carefully read in full. The Explanatory Statement and the Proxy Form are part of this Notice.

The Directors have determined, pursuant to regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth), that the persons eligible to vote at the Meeting are those who are registered shareholders of the Company at 10:00am (AEDT) on Monday, 28 November 2018.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in the Glossary.

# AGENDA

## 1. RECEIPT OF FINANCIAL REPORTS AND REPORTS OF DIRECTOR AND AUDITOR

To receive and consider the Financial Reports of the Company for the financial year ended 30 June 2018, together with the declaration of Directors, the Remuneration Report and the Report of the Directors and the Auditor, which relate to the Financial Reports.

A copy of the 2018 Annual Report may be obtained from the Company's website at [www.silvermines.com.au](http://www.silvermines.com.au).

## 2. RESOLUTION 1 - ADOPTION OF DIRECTORS' REMUNERATION REPORT

To consider, and if thought fit, pass with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Company's Remuneration Report, as set out in the Directors' Report within the Annual Report for the year ended 30 June 2018, prepared in accordance with section 300A of the Corporations Act."*

Please note that in accordance with section 250R(3) of the Corporations Act, the votes cast on this Resolution are advisory only and do not bind the Company or the Directors.

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution 1 by any person who is a member of the Key Management Personnel, details of whose remuneration is considered in the Remuneration Report and any person who is an Associate of those persons.

However, the Company need not disregard a vote on this Resolution 1 if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 3. RESOLUTION 2 - RATIFICATION OF ISSUE OF APRIL 2018 PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 68,750,000 Shares to Sophisticated Investors at \$0.04 per Share, on the terms and conditions contemplated in Section 2 of the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution 2 by any person who participated in the issue of Shares considered under Resolution 2 as described in Section 2 of the Explanatory Statement, and any Associate of any of the foregoing persons.

However, the Company need not disregard a vote on this Resolution 2 if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 4. RESOLUTION 3 - 10% PLACEMENT CAPACITY

To consider, and if thought fit, pass with or without amendment, the following resolution as a **special resolution**:

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions contemplated in Section 3 of the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution 3 by a person who may participate in the proposed issue and a person who might obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any associate of the foregoing persons.

However, the Company need not disregard a vote on this Resolution 3 if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

As at the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

# AGENDA

## 5. RESOLUTION 4 - ELECTION OF PETER LANGWORTHY AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 14.4 and for all other purposes, Mr Peter Langworthy, being a Non-Executive Director and being eligible, offers himself for re-election, is re-elected as a Director".*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution 4 by Peter Langworthy and any of his Associates.

However, the Company need not disregard a vote on this Resolution 4 if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 6. RESOLUTION 5 - ISSUE OF SECURITIES TO RELATED PARTY - ENTITLEMENTS ISSUE SHORTFALL PARTICIPATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholder approval is given for the issue of 6,666,667 Shares, at a price of \$0.03 per Share, and 3,333,334 attaching Options each with an exercise price of \$0.06 and an expiry date of 6 September 2021, to Mr Anthony McClure (or his nominee), on the terms and conditions contemplated in Section 5 of the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution 5 by Anthony McClure and any of his Associates.

However, the Company need not disregard a vote on this Resolution 5 if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 7. RESOLUTION 6 - ISSUE OF SECURITIES TO RELATED PARTY - ENTITLEMENTS ISSUE SHORTFALL PARTICIPATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholder approval is given for the issue of 1,000,000 Shares, at a price of \$0.03 per Share, and 500,000 attaching Options each with an exercise price of \$0.06 and an expiry date of 6 September 2021, to Mr Keith Perrett (or his nominee), on the terms and conditions contemplated in Section 6 of the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution 6 by Keith Perrett and any of his Associates.

However, the Company need not disregard a vote on this Resolution 6 if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 8. RESOLUTION 7 - ISSUE OF SHARES TO RELATED PARTY - ENTITLEMENTS ISSUE SHORTFALL PARTICIPATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholder approval is given for the issue of 250,000 Shares, at a price of \$0.03 per Share and 125,000 attaching Options each with an exercise price of \$0.06 and an expiry date of 6 September 2021, to Mr Peter Langworthy (or his nominee), on the terms and conditions contemplated in Section 7 of the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution 7 by Peter Langworthy and any of his Associates.

However, the Company need not disregard a vote on this Resolution 7 if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

# AGENDA

## 9. RESOLUTION 8 - RATIFICATION OF ISSUE OF OPTIONS TO PATERSONS SECURITIES LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,000,000 Options, quoted, with an exercise price of \$0.06 and an expiry date of 6 September 2021 to Patersons Securities Limited on the terms and conditions contemplated in Section 8 of the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution 8 by Patersons Securities Limited and any of its Associates.

However, the Company need not disregard a vote on this Resolution 8 if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 10. RESOLUTION 9 - AMENDMENT TO TERMS OF EMPLOYEE INCENTIVE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 10.14, (Exception 4), Listing Rules 7.1 and 7.2 (Exception 9(b)) and for all other purposes (primarily including the preservation of the Company's cash resources), Shareholders approve the amendment to the Company's Employee Incentive Scheme (**Incentive Scheme**) to allow for the issue of Equity Securities under that scheme to Directors in accordance with the provisions of such Incentive Scheme."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution 9 by the Directors and any of their Associates.

However, the Company need not disregard a vote on this Resolution 9 if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## OTHER BUSINESS

To transact any other business that may be validly brought before the Meeting.

**Dated: 29 October 2018**

**By Order of The Board**



**Trent Franklin**  
**Company Secretary**  
**Silver Mines Limited**

# EXPLANATORY STATEMENT

This Explanatory Statement is included in and forms part of the Notice of Meeting. It contains background information pertaining to the Resolutions to be considered and voted upon at the Meeting as well as information required to be given to Shareholders under the Listing Rules in relation to the Resolutions.

It is given to Shareholders to help them determine how to vote on the Resolutions set out in the Notice of Meeting.

Shareholders should read this Explanatory Statement in full and in conjunction with the other sections of this Document, in order to gain a more complete understanding of the Resolutions proposed in the Notice of Meeting.

If a Shareholder is in doubt about what to do in relation to a Resolution, it should consult its financial or other professional adviser.

## 1. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

### 1.1 Background

The Annual Report for the year ended 30 June 2018 contains the Company's Remuneration Report on pages 20 to 25. The Remuneration Report sets out the Company's remuneration policies and reports the remuneration arrangements in place for the Directors of the Company. A copy of the 2018 Annual Report is available on the Company's website at [www.silvermines.com.au](http://www.silvermines.com.au), or upon request and free of charge.

The Corporations Act requires:

- (a) the agenda for an Annual General Meeting of a listed company to include a resolution for the adoption of the Remuneration Report (see Resolution 1); and
- (b) expressly provides that the vote on that resolution is advisory only and does not bind the Directors or the Company.

Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions and comment on the Remuneration Report.

### 1.2 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution 1, and whose votes will be disregarded if cast on Resolution 1, is set out in the Notice.

## 2. RESOLUTION 2 - RATIFICATION OF ISSUE OF APRIL 2018 PLACEMENT SHARES

### 2.1 Background

Resolution 2 proposes the ratification by Shareholders of the issue of 68,750,000 Shares under a placement to Sophisticated Investors which was conducted in April of 2018 at \$0.04 per Share (**April 2018 Placement**). The April 2018 Placement raised \$2.75 million (before costs) with such funds being allocated towards the finalisation of the Company's Feasibility Study and continued works on the Environmental Impact Statement for the Bowdens Silver Project.

### 2.2 Requirement for Shareholder ratification under Listing Rule 7.4

Listing Rule 7.1 requires Shareholder approval for the proposed issue of securities in the Company where such issue may exceed the 15% Threshold. Listing Rule 7.4 permits the ratification of previous issues of securities made without Shareholder approval, provided such issue, in aggregate with any other applicable issues of Equity Securities by the Company, did not breach the 15% Threshold.

Shareholder ratification of an issue of securities under Listing Rule 7.4 enables the Company capacity to issue further securities up to the 15% Threshold, without additional Shareholder approval (but still subject to any other approval required under the Listing Rules), to the extent of the securities that were the subject of that ratification.

Resolution 2 seeks Shareholder ratification, under Listing Rule 7.4, for the issue of 68,750,000 Shares issued under the April 2018 Placement, in order to restore the Company's capacity to issue further Equity Securities within the 15% Threshold.

### 2.3 Information required by Listing Rule 7.5

For the purpose of Listing Rule 7.5, the following information in relation to the Shares the subject of Resolution 2 is provided:

#### (a) Number of securities issued

68,750,000 Shares, including:

- (i) 66,607,628 Shares issued under Listing Rule 7.1 (**Tranche 1 Placement Shares**); and
- (ii) 2,142,372 Shares issued using the Company's placement capacity under Listing Rule 7.1A (**Tranche 1A Placement Shares**).

#### (b) Issue price of securities

The Shares were issued for \$0.04 per Share, payable in full upon issue.

# EXPLANATORY STATEMENT

## (c) Terms of issue of the securities

The Shares when issued, were and remain, fully paid ordinary shares in the issued capital of the Company and rank equally with all other Shares currently on issue.

## (d) Parties to whom the securities were issued

The Shares were issued to Sophisticated Investors who are not related parties to the Company.

## (e) Use of funds raised

The Company raised approximately \$2,750,000 (net of costs) under the April 2018 Placement, which was primarily used to finance the completion of the Company's Feasibility Study and for continued progress on the Environmental Impact Statement.

## 2.4 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution 2, and whose votes will be disregarded if cast on Resolution 2, is set out in the Notice.

## 2.5 Recommendation of Directors

Each Director recommends that Shareholders vote **IN FAVOUR** of Resolution 2.

Each Director confirms that he:

- (a) has no personal interest in the outcome of Resolution 2 other than in his capacity as a Shareholder or an Associate of a Shareholder; and
- (b) will vote, and/or procure that any Shareholder that is an Associate of that Director votes, all its Shares in favour of Resolution 2.

## 3. RESOLUTION 3 - 10% PLACEMENT CAPACITY

### 3.1 Requirement for Shareholder Approval under Listing Rule 7.1A

Listing Rule 7.1A enables eligible entities to issue equity securities up to 10% of their issued capital through placements over a 12 month period expiring on the first anniversary of the date of that approval at its Annual General Meeting (**10% Placement Capacity**). This 10% Placement Capacity is in addition to the 15% placement capacity that a Company may utilise according to Listing Rule 7.1.

The Company is an "eligible entity" for the purposes of this Resolution 3, as it is not included in the S&P/ASX 300 Index and has a market capitalisation of less than \$300 million.

The Company is seeking Shareholder approval to enable the Company to issue further Equity Securities under the 10% Placement Capacity. For the sake of clarity, the approval for the 10% Placement Capacity the subject of

this Resolution 3, will entitle the Company to issue Equity Securities, without further Shareholder approval, that is in addition to Equity Securities that the Company may issue, without further Shareholder approval under:

- the 15% Placement Capacity that, if Resolution 2 is duly approved, the Company may utilise according to Listing Rule 7.1; and
- the 10% Placement Capacity that, if Resolution 2 is duly approved, the Company may utilise according to Listing Rule 7.1A at any time prior to the 7.1A approval expiry date being 28 November 2018.

The exact number of Shares that may be issued by the Company pursuant to this Resolution 3, if duly approved, will be determined in accordance with the provisions of Listing Rule 7.1A.2.

### 3.2 Required information under Listing Rule 7.3A

For the purpose of Listing Rule 7.3A, the Company gives the following details in relation to this Resolution 3:

#### (a) Formula for calculating the 10% Placement Capacity:

The number of Equity Securities which the Company may issue pursuant to this Resolution 3, if duly approved, in accordance with Listing Rule 7.1A.2 may be calculated in accordance with the following formula:

$$(A \times D) - E$$

#### Where:

**A** is the number of Shares on issue 12 months before the date of issue or agreement to issue:

- (i) **plus** the number of Shares issued in the previous 12 months under an exception in Listing Rule 7.2;
- (ii) **plus** the number of partly paid shares that became fully paid shares in the previous 12 months;
- (iii) **plus** the number of Shares issued in the previous 12 months with approval of Shareholders under Listing Rules 7.1 and 7.4 - this does not include an issue of Shares under the Company's 15% placement capacity (which is not subject to shareholder approval);
- (iv) **less** the number of Shares cancelled in the previous 12 months.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 and 7.4.

# EXPLANATORY STATEMENT

## (b) Issue price of securities

The minimum price at which Equity Securities will be issued in utilisation of all or part of the 10% Placement Capacity approved under this Resolution 3, will not be less than 75% of the volume weighted average price (VWAP) of the Shares, calculated over the 15 trading days on which trades were recorded immediately before:

- (i) the date on which the Shares are issued or agreed to be issued; or
- (ii) if the Shares are not issued within five trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

## (c) Risk of economic and voting dilution of ordinary securities holders

Any issue of Shares under the 10% Placement Capacity will dilute the voting interests, and may dilute the economic interests, of current Shareholders who do not acquire Equity Securities under that issue.

The table below seeks to demonstrate the potential dilution of current Shareholders from the issue of Shares under the 10% Placement Capacity calculated in accordance with the formula in Listing Rule 7.1A.2. The table considers the current number of Shares on issue, the effect of a change in the number of Shares on issue, and a variation in the issue price of Shares (noting that Shares may only be issued at up to a maximum 25% discount based on the volume weighted average price of the Shares calculated over the 15 trading days preceding the alternate dates referred to in sub-paragraph (b) immediately above).

VOTING DILUTION				
Number of Shares on issue	Dilution variable	\$0.022 (50% decrease in current issue price)	\$0.044 (current issue price)	\$0.066 (50% increase in current issue price)
<b>633,084,403</b> <b>(current)</b>	Additional 10% shares issued	63,308,440	63,308,440	63,308,440
	Funds raised	1,392,786	2,785,571	4,178,357
<b>949,626,604</b> <b>(50% increase)</b>	Additional 10% shares issued	94,962,660	94,962,660	94,962,660
	Funds raised	2,089,179	4,178,357	6,267,536
<b>1,266,168,806</b> <b>(100% increase)</b>	Additional 10% shares issued	126,616,880	126,616,880	126,616,880
	Funds raised	2,785,571	5,571,143	8,356,714

This tables makes the following assumptions:

- (i) the current number of Shares on issue is the Shares on issue at as the date of this Document;
- (ii) the current issue price is the closing price of Shares on 25 October 2018;
- (iii) the Company issues the maximum possible number of Shares under the 10% Placement Capacity;
- (iv) the calculations above do not show the dilution that any one Shareholder will be subject to all Shareholders should consider the dilution caused to their own respective shareholding depending on their specific circumstances; and
- (v) this table does not consider any dilution which may occur subject to any issue of Equity Securities made in accordance with the provisions of either Listing Rule 7.1 or Listing Rule 7.4.

There is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the date of issue of the Shares than on the date of the Meeting; and
- (ii) the Shares may be issued at a price which is at a discount to the market price for the Shares on their date of issue.

# EXPLANATORY STATEMENT

## *(d) Date approval will expire*

The approval given pursuant to Resolution 3 will expire on the earlier of:

- (i) 28 November 2019; or
- (ii) the date of approval by Shareholders of any transaction under either Listing Rule 11.1.2 (significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal of the Company's main undertaking) or such longer period if allowed by the ASX.

## *(e) Purpose*

The funds received from the proposed issue of Shares under the 10% Placement Capacity will be applied for the following purposes:

- (i) expansion of exploration programs at the Barabolar Project, completion of the Bowdens Silver Environmental Impact Statement;
- (ii) progression towards mine development; and
- (iii) general working capital purposes.

## *(f) Allocation policy*

The allottees of the Shares under the 10% Placement Capacity have not yet been determined. However the Company may issue Shares under the 10% Placement Capacity to current Shareholders, new investors or both. No recipients of Shares under the 10% Placement Capacity will be a Related Party of the Company.

The Company will determine who will receive Shares as a consequence of any issue made under the 10% Placement Capacity, if and when the Company decides to utilise the 10% Placement Capacity, taking into consideration the following:

- (i) the purpose of the issue;
- (ii) alternative fund raising methods available;
- (iii) the effect of the issue on the Company;
- (iv) the circumstances of the Company, financial and otherwise;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisors (as applicable).

## *(g) Prior approval*

The Company obtained approval at the 2017 AGM under Listing Rule 7.1A. Since the 2017 AGM, the Company issued the Tranche 1A Placement Shares using its Listing Rule 7.1A capacity, as part of the April 2018 Placement.

## *(h) Issues since 2017 AGM*

The Company has issued 259,175,321 Equity Securities in the 12 months preceding the date of the Meeting, representing approximately 56% of the total number of Equity Securities (458,755,856 Shares and Options) on issue at the commencement of that 12 month period.

# EXPLANATORY STATEMENT

Description	Equity Securities issued	Recipients	Price	Discount to closing market price on day of issue	Total Consideration (before costs)	Amount spent	Use of funds
<i>Issue of options to Jonathan Battershill</i>	1,000,000 options, unquoted, with an exercise price of \$0.30 and expiring 20 June 2019.  5,000,000 options, with an exercise price of \$0.20 and expiring three years from achievement of milestones (approved at 2017 AGM).	Jonathan Battershill, a Director	\$0	N/A	N/A	N/A	N/A
<i>Placement, April 2018</i>	68,750,000 fully paid, ordinary Shares	Sophisticated Investors	\$0.04 per Share	22% discount, closing price of \$0.051	\$2,750,000	\$2,750,000	Allocated towards continued works at the Bowdens Silver Project
<i>Entitlements Issue, September 2018</i>	120,283,547, fully paid ordinary Shares	Existing shareholders and Sophisticated Investors	\$0.03 per Share	Nil discount (closing price of \$0.03)	\$3,846,000	\$1,841,560	Capital raising costs, continued exploration at the Barabolar Project and works on the environmental impact statement at the Bowdens Silver Project.
<i>Entitlements Issue, September 2018</i>	60,141,774 attaching options, quoted, with an exercise price of \$0.03 and expiring 6 September 2021.	Participants in the Entitlements Issue	\$0	N/A	N/A	N/A	N/A
<i>Underwriter Options, October 2018</i>	4,000,000 options, quoted, with an exercise price of \$0.03 and expiring 6 September 2021.	Patersons Securities Limited	\$0	N/A	N/A	N/A	Underwriter options issuable in exchange for underwriting services provided by Patersons Securities in relation to the Company's partially underwritten entitlements issue.

# EXPLANATORY STATEMENT

## 3.3 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution 3 and whose votes will be disregarded if cast on Resolution 3, is set out in the Notice.

## 3.4 Recommendation of Directors

Each Director recommends that Shareholders vote **IN FAVOUR** of Resolution 3.

Each Director confirms that:

- (a) he has no personal interest in the outcome of Resolution 3 other than in his capacity as a Shareholder or an Associate of a Shareholder; and
- (b) will vote, and/or procure that any Shareholder that is an Associate of that Director votes, all its Shares in favour of Resolution 3.

## 4. RESOLUTION 4 - ELECTION OF PETER LANGWORTHY

### 4.1 Background

Mr Peter Langworthy was appointed as a non-executive director of the Company in June 2016.

Mr Langworthy is an accomplished geologist and mining executive with a career spanning more than three decades in mineral exploration and project development in Australia and internationally. He is currently a non-executive director of emerging gold producer Capricorn Metals; non-executive Chairman of junior copper and gold company Syndicated Metals and Managing Director of Gateway Mining Limited.

### 4.2 Requirement for Shareholder Approval

Listing Rule 14.4 requires that a director (other than a managing director) of an ASX listed company must not hold office (without re-election) past the third annual general meeting following their appointment, or three years, whichever is longer. Listing Rule 14.4 also provides that any director (except a managing director) whom has been appointed throughout the year must not hold office past the next annual general meeting without re-election.

Accordingly, Shareholders are asked to consider and vote upon the election of Peter Langworthy as a Director.

## 4.3 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution 4, and whose votes will be disregarded if cast on Resolution 4, is set out in the Notice.

## 4.4 Recommendation of Directors

Each Director, other than Peter Langworthy recommends that Shareholders vote **IN FAVOUR** of Resolution 4.

Each Director, other than Peter Langworthy, confirms that he:

- (a) has no personal interest in the outcome of Resolution 4 other than in his capacity as a Shareholder or an Associate of a Shareholder; and
- (b) will vote, and/or procure that any Shareholder that is an Associate of that Director votes, all its Shares in favour of Resolution 4.

## 5. RESOLUTION 5 - ISSUE OF SECURITIES TO RELATED PARTY - ENTITLEMENTS ISSUE SHORTFALL

### 5.1 Background

As set out in the Company's prospectus dated 3 August 2018, Silver Mines recently conducted a partially underwritten, renounceable entitlements issue (**Entitlements Issue**). Under the Entitlements Issue, the Company offered eligible shareholders the opportunity to subscribe for 1 Share (each, a **New Share**) for every 4 Shares held on the record date at a price of \$0.03 each, with eligible shareholders receiving one free attaching option for every two New Shares subscribed for.

The Company raised approximately \$3.85 million (before costs) under the Entitlements Issue, as set out in the below table:

Details	New Shares	New Options	\$
<i>Entitlement Securities</i>	70,109,129	34,874,004	2,103,274.87
<i>Additional Securities subscribed under shortfall</i>	16,559,314	8,279,657	496,779.42
<b>Total</b>	<b>86,668,443</b>	<b>43,153,661</b>	<b>2,600,053.29</b>
<i>Shortfall Placement</i>	41,531,771	20,765,885	1,245,953.13
<b>Total Entitlements Issue</b>	<b>128,200,214</b>	<b>64,100,107</b>	<b>3,846,006.42</b>

# EXPLANATORY STATEMENT

Directors of the Company subscribed for a total of 12,885,417 New Shares and 6,442,709 New Options, including by taking up their Entitlements and subscribing for additional securities under the Shortfall Placement (**Director Shortfall Securities**). The purpose of Resolutions 5 to 7 is to obtain shareholder approval for the issue of the Director Shortfall Securities.

The Entitlements Issue funds are being primarily allocated towards a comprehensive initial drilling program at the Company's Barabolar exploration project in New South Wales, as well as towards the completion of the Environmental Impact Statement and working capital.

## 5.2 Requirement for Shareholder Approval

Listing Rule 10.11 requires that unless an exception applies, an entity must not without the prior approval of its shareholders, issue or agree to issue Equity Securities to:

- (a) a Related Party of the entity; or
- (b) a person whose relationship with the entity or a Related Party is, in ASX's opinion, such that approval of shareholders should be obtained.

Mr McClure is a Related Party of the Company by virtue of his being a Director.

## 5.3 Information required by Listing Rule 10.13

For the purpose of Listing Rule 10.13, the following information in relation to the Shares the subject of Resolution 5 is provided:

- (a) *Parties to whom the securities will be issued*

Mr Anthony McClure or his nominee.

- (b) *Maximum number of securities to be issued*

6,666,667 Shares and 3,333,334 Options.

- (c) *Date of issue*

The Company intends to issue the Director Shortfall Securities the subject of this Resolution 5 on the day immediately after the date of upon which Resolution 5 is duly approved or in any event, within one month from the date on which this Resolution 5 is duly approved.

- (d) *Relationship of Related Party*

Mr McClure is a Director.

- (e) *Issue price and terms of issue*

The Shares to be issued to Mr McClure are issued at \$0.03 per Share and will be fully paid ordinary shares in the issued capital of the Company. The Options are issued at no cost, as they are attaching to the Shares the subject of this Resolution 5. They will be quoted, and have an exercise price of \$0.06 per Option and an expiry date of 6 September 2021.

- (f) *Use of funds raised*

The funds raised from Mr McClure's subscription for Director Shortfall Securities will be allocated toward the same purposes as the remainder of the Entitlements Issue funds, as set out in section 5.1.

## 5.4 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution 5 and whose votes will be disregarded if cast on Resolution 5, is set out in the Notice.

## 5.5 Recommendation of Directors

Each Director, other than Anthony McClure, recommends that Shareholders vote **IN FAVOUR** of Resolution 5.

Each Director, other than Anthony McClure, confirms that he:

- (a) has no personal interest in the outcome of Resolution 5 other than in his capacity as a Shareholder or an Associate of a Shareholder; and
- (b) will vote, and/or procure that any Shareholder that is an Associate of that Director votes, all its Shares in favour of Resolution 5.

## 6. RESOLUTION 6 - ISSUE OF SECURITIES TO RELATED PARTY - ENTITLEMENTS ISSUE SHORTFALL

### 6.1 Background

Please refer to section 5.1 for background details to the issue the subject of this Resolution 6.

### 6.2 Requirement for Shareholder Approval

Please refer to section 5.2 for details of the requirement for Shareholder Approval. Mr Perrett is a Related Party of the Company by virtue of his being a Director.

### 6.3 Information required by Listing Rule 10.13

For the purpose of Listing Rule 10.13, the following information in relation to the Shares the subject of Resolution 5 is provided:

- (a) *Parties to whom the securities will be issued*

Mr Keith Perrett or his nominee.

- (b) *Maximum number of securities to be issued*

1,000,000 Shares and 500,000 Options

- (c) *Date of issue*

The Company intends to issue the Director Shortfall Securities the subject of this Resolution 6 on the day immediately after the date of upon which Resolution 6 is duly approved or in any event, within one month from the date on which this Resolution 6 is duly approved.

# EXPLANATORY STATEMENT

## *(d) Relationship of Related Party*

Mr Perrett is a Director.

## *(e) Issue price and terms of issue*

The Shares to be issued to Mr Perrett are issued at \$0.03 per Share and will be fully paid ordinary shares in the issued capital of the Company. The Options are issued at no cost, as they are attaching to the Shares the subject of this Resolution 6. They will be quoted, and have an exercise price of \$0.06 per Option and an expiry date of 6 September 2021.

## *(f) Use of funds raised*

The funds raised from Mr Perrett's subscription for Director Shortfall Securities will be allocated toward the same purposes as the remainder of the Entitlements Issue funds, as set out in section 5.1.

## 6.4 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution 6 and whose votes will be disregarded if cast on Resolution 6, is set out in the Notice.

## 6.5 Recommendation of Directors

Each Director, other than Keith Perrett, recommends that Shareholders vote **IN FAVOUR** of Resolution 6.

Each Director, other than Keith Perrett, confirms that he:

- (a) has no personal interest in the outcome of Resolution 6 other than in his capacity as a Shareholder or an Associate of a Shareholder; and
- (b) will vote, and/or procure that any Shareholder that is an Associate of that Director votes, all its Shares in favour of Resolution 6.

## 7. RESOLUTION 7 - ISSUE OF SHARES TO RELATED PARTY - ENTITLEMENTS ISSUE SHORTFALL

### 7.1 Background

Please refer to section 5.1 for background details to the issue the subject of this Resolution 7.

### 7.2 Requirement for Shareholder Approval

Please refer to section 5.2 for details of the requirement for Shareholder Approval. Mr Langworthy is a Related Party of the Company by virtue of his being a Director.

## 7.3 Information required by Listing Rule 10.13

For the purpose of Listing Rule 10.13, the following information in relation to the Shares the subject of Resolution 7 is provided:

### *(a) Parties to whom the securities will be issued*

Mr Peter Langworthy or his nominee.

### *(b) Maximum number of securities to be issued*

250,000 Shares and 125,000 Options.

### *(c) Date of issue*

The Company intends to issue the Director Shortfall Securities the subject of this Resolution 7 on the day immediately after the date of upon which Resolution 7 is duly approved or in any event, within one month from the date on which this Resolution 7 is duly approved.

### *(d) Relationship of Related Party*

Peter Langworthy is a Director.

### *(e) Issue price and terms of issue*

The Shares to be issued to Mr Langworthy are issued at \$0.03 per Share and will be fully paid ordinary shares in the issued capital of the Company. The Options are issued at no cost, as they are attaching to the Shares the subject of this Resolution 7. They will be quoted, and have an exercise price of \$0.06 per Option and an expiry date of 6 September 2021.

### *(f) Use of funds raised*

The funds raised from Mr Langworthy's subscription for Director Shortfall Securities will be allocated toward the same purposes as the remainder of the Entitlements Issue funds, as set out in section 5.1.

## 7.4 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution 7 and whose votes will be disregarded if cast on Resolution 7, is set out in the Notice.

## 7.5 Recommendation of Directors

Each Director, other than Peter Langworthy, recommends that Shareholders vote **IN FAVOUR** of Resolution 7.

Each Director, other than Peter Langworthy, confirms that he:

- (a) has no personal interest in the outcome of Resolution 7 other than in his capacity as a Shareholder or an Associate of a Shareholder; and
- (b) will vote, and/or procure that any Shareholder that is an Associate of that Director votes, all its Shares in favour of Resolution 7.

# EXPLANATORY STATEMENT

## 8. RESOLUTION 8 - RATIFICATION OF ISSUE OF OPTIONS TO PATERSONS SECURITIES LIMITED

### 8.1 Background

As set out in section 5.1 of this document, the Company recently conducted a partially underwritten Entitlements Issue. The Entitlements Issue was partially underwritten for \$2.5 million by Patersons Securities Limited (Patersons), whom also acted as Lead Manager to the offer.

As consideration for the underwriting and lead management services provided by Patersons, the Company agreed to pay to Patersons:

- (a) 6% of the amount raised under the Entitlements Issue;
- (b) \$60,000; and
- (c) a broking fee of 1.5% on the sale of ineligible shareholder rights,

and issue Patersons 4,000,000 Options on the same terms as the New Options (**Patersons Options**). The Patersons Options were issued on 26 October 2018. The purpose of Resolution 8 is to ratify the issue of the Patersons Options.

### 8.2 Requirement for Shareholder ratification under Listing Rule 7.4

Listing Rule 7.1 requires Shareholder approval for the proposed issue of securities in the Company where such issue may exceed the 15% Threshold. Listing Rule 7.4 permits the ratification of previous issues of securities made without Shareholder approval, provided such issue, in aggregate with any other applicable issues of Equity Securities by the Company, did not breach the 15% Threshold.

Shareholder ratification of an issue of securities under Listing Rule 7.4 enables the Company capacity to issue further securities up to the 15% Threshold, without additional Shareholder approval (but still subject to any other approval required under the Listing Rules), to the extent of the securities that were the subject of that ratification.

Resolution 7 seeks Shareholder ratification, under Listing Rule 7.4, for the issue of the Patersons Options in order to restore the Company's capacity to issue further Equity Securities within the 15% Threshold.

### 8.3 Information required by Listing Rule 7.5

For the purpose of Listing Rule 7.5, the following information in relation to the Patersons Options is provided:

- (a) *Number of securities issued*

4,000,000 Options

- (b) *Issue price of securities*

Nil.

- (c) *Terms of issue of the securities*

The Patersons Options are quoted, have an exercise price of \$0.06 per Option, and an expiry date of 6 September 2021.

- (d) *Parties to whom the securities were issued*

Patersons Securities Limited.

- (e) *Use of funds raised*

Nil funds were raised from the issue under this Resolution as the Options were issued as consideration for underwriting services provided.

### 8.4 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution 8, and whose votes will be disregarded if cast on Resolution 8, is set out in the Notice.

### 8.5 Recommendation of Directors

Each Director recommends that Shareholders vote **IN FAVOUR** of Resolution 8.

Each Director confirms that he has no personal interest in the outcome of Resolution 8 other than in his capacity as a Shareholder or an Associate of a Shareholder.

## 9. RESOLUTION 9 - AMENDMENT AND ADOPTION OF EMPLOYEE INCENTIVE SCHEME

### 9.1 Background

The Company and its wholly owned subsidiary, Bowdens Silver Pty Limited, currently have 17 full-time employees (including the managing director), 1 part-time employee and 2 casual employees, in addition to three Non-Executive Directors and a number of consultants who work closely with the Company. Since the acquisition of and recommencement of activities at the Bowdens Silver Project in June 2016, these team members have been integral in advancing the Company's exploration objectives and progressing the Company's stated objectives to progress the Bowdens Silver Project towards mine development and production.

At the 2017 AGM, Shareholders approved the implementation of the Silver Mines Employee Incentive Scheme, which allowed the Board of the Company to issue securities in the Company to its employees and consultants, with the intended effect that that the objectives of employees are more closely aligned with the interests of the Company and the Shareholders, in addition to attracting, motivating and retaining valuable employees. At the time of such approval, the terms of the Incentive Scheme denied participation by Directors in that scheme.

# EXPLANATORY STATEMENT

The Board has resolved that, in order to preserve the cash reserves of the Company and to continue to strengthen the alignment of interests between Company employees and consultants, the terms of the Incentive Scheme be amended to provide that Directors are eligible participants in the scheme, to enable them to take up to 50% of their Directors remuneration in securities in the Company.

The Board has resolved that if this Resolution 9 is approved, the Company's non-executive directors will be entitled to receive half of their Director's remuneration in fully paid ordinary shares in the Company, rather than in cash.

## 9.2 Requirement for Shareholder Approval

Shareholder approval is not required by the Corporations Act or the Listing Rules for the establishment or operation of the Incentive Scheme. The operation of the Scheme itself, insofar as it relates to employees, consultants and non-director officers of the Company, was sought and obtained at the 2017 AGM.

However, Shareholder approval is being sought in accordance with the provisions of Resolution 9, to allow the participation of Directors in the Incentive Scheme and the Company to rely on Listing Rule 10.12, Exception 4. That Exception:

- excludes any Equity Securities issued to a Related Party under an "employee incentive scheme" from being included in the Equity Securities that the Company would otherwise be required to include in determining whether it remains in compliance with the 15% Threshold; and
- provides that a company is not required to obtain shareholder approval for an issue of Equity Securities to a Related Party under an "employee incentive scheme" provided that shareholders have approved the issue of securities under that scheme pursuant to Listing Rule 10.14, no later than three years before the date of a proposed issue of any Equity Securities under that scheme.

## 9.3 Information required by Listing Rule 10.15A

For the purpose of Listing Rule 10.12, exception 4 and Listing Rule 10.15A, the following information in relation to the Director's participation in the Incentive Scheme the subject of Resolution 9 is provided:

### (a) Relationship of the related parties

The related parties the subject of this Resolution 9 are Directors.

### (b) Maximum number of securities that may be acquired by related parties

The maximum number of securities that may be acquired by each Directors under the Incentive Scheme in any 12 month period is the number

which is equal to 50% of each Director's annual remuneration, issued at the 30 trading day volume weighted average price. The maximum number of securities issued will not exceed 3,333,333 Shares in any given 12 month period.

### (c) Price

The securities will be issued at an issue price being the 30 day VWAP.

### (d) Names of related party recipients

No related parties have received securities under the Incentive Scheme since the last approval at the 2017 AGM.

### (e) Names of related parties entitled to participate

The Directors entitled to participate in the issue of securities under this Resolution 9 include Keith Perrett, Peter Langworthy and Jonathan Battershill.

### (f) Date by which the Company will issue the securities

The Company will issue the securities within three years of the date of the meeting.

### (g) The terms of the Incentive Scheme

A summary of the terms and conditions of the Incentive Scheme is set out in Appendix B of this Document.

### (h) Statement under Listing Rule 10.15A.8

The Company will:

- (i) publish details of any securities issued under the Incentive Scheme in each annual report relating to a period in which securities have been issued and that approval for such issue was obtained under listing rule 10.14; and
- (iii) ensure that any additional persons who become entitled to participate in the Incentive Scheme following approval of this Resolution will not participate unless approval relating to that person is obtained under Listing Rule 10.14.

## 9.4 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution 9, and whose votes will be disregarded if cast on Resolution 9, is set out in the Notice.

## 10. ENQUIRIES

Shareholders are advised to contact Mr Trent Franklin, the Company Secretary, on +61 2 8316 3997 if they have any queries in respect of the matters set out in these documents.

# DEFINITIONS

For the purposes of this Document, the following terms have the meanings prescribed below:

<b>\$</b>	Australian dollars.
<b>2017 AGM</b>	The Company's 2017 Annual General Meeting, held on 28 November 2017.
<b>AEDT</b>	Australian Eastern Daylight Time.
<b>ASIC</b>	Australian Securities & Investments Commission.
<b>Associate</b>	has the meaning given in Listing Rule 19.12.
<b>ASX</b>	ASX Limited ACN 008 624 691 or the securities exchange market operated by it, as the context requires.
<b>Board</b>	the board of directors of the Company as constituted from time to time.
<b>Bowdens, Bowdens Silver or Bowdens Silver Project</b>	The Bowdens Silver Project, located in Lue, New South Wales.
<b>Business Day</b>	a day which is not a Saturday, Sunday, a bank holiday or a public holiday in Sydney, and any other day that ASX declares is not a business day.
<b>Chair</b>	the person chairing the Meeting.
<b>Company or Silver Mines</b>	Silver Mines Limited ACN 107 452 942.
<b>Constitution</b>	the constitution of the Company as amended from time to time.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	a director of the Company as at the date of this Document.
<b>Document</b>	this document entitled "Notice of Extraordinary Meeting", including any annexures or schedules to or of this document.
<b>Equity Security</b>	has the meaning given in Listing Rule 19.12.
<b>Explanatory Statement</b>	the section entitled "Explanatory Statement" of this Document, forming part of the Notice.
<b>Incentive Scheme</b>	the employee incentive scheme that is proposed to be established and operated by the Company in accordance with the terms and conditions set out in Appendix A.
<b>Key Management Personnel</b>	has the meaning given to that term in section 9 of the Corporations Act.
<b>Listing Rules</b>	the listing rules of the ASX as amended from time to time.
<b>Meeting</b>	the Annual General Meeting of the Company convened pursuant to in the Notice.
<b>Notice or Notice of Meeting</b>	the notice convening this Meeting as set out in this Document.
<b>ordinary resolution</b>	a resolution of Shareholders that is approved by a simple majority of the votes cast by Shareholders present at the Meeting (whether in person or by proxy) and entitled to vote on that resolution.
<b>Option</b>	the right of the holder of an Option to acquire a Share, in accordance with the terms and conditions of that Option.
<b>Proxy Form</b>	the 'Appointment of Proxy' form attached to this Document.

# DEFINITIONS

<b>Related Party</b>	has the meaning given to that term in Listing Rule 19.12.
<b>Resolution</b>	a resolution set out in the Notice.
<b>Share</b>	a fully paid ordinary share in the issued share capital of the Company.
<b>Share Registry</b>	Boardroom Pty Limited ACN 003 209 836.
<b>Shareholder</b>	a person recorded on the register of members maintained by the Company pursuant to sections 168 and 169 of the Corporations Act as a holder of one or more Shares.
<b>Sophisticated Investor</b>	a person to whom an offer of the Company's Equity Securities may be made without disclosure in reliance on section 708(8) or section 708(11) of the Corporations Act and that is not already a Related Party of the Company.
<b>special resolution</b>	a resolution of Shareholders that is approved by a majority of no less than seventy five per cent (75%) of the votes cast by Shareholders present at the Meeting (whether in person or by proxy) and entitled to vote on that resolution.
<b>trading day</b>	has the meaning given in Listing Rule 19.12.

## INTERPRETATION

In this Notice, headings are for convenience only and do not affect interpretation and except where the context otherwise requires:

- (a) the singular includes the plural and vice versa and a gender includes other genders;
- (b) other grammatical forms of a defined word or expression have a corresponding meaning;
- (c) a reference to a section, paragraph, schedule or annexure is to a section or paragraph of or schedule or annexure to this Notice and a reference to this Notice includes any schedule and annexure;
- (d) a reference to a document or agreement includes the document or agreement as novated, altered, supplemented or replaced from time to time;
- (e) a reference to A\$, \$A, dollar or \$ is to Australian currency;
- (f) a reference to a year (other than a financial year) or a month means a calendar year or calendar month respectively;
- (g) a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (h) a reference to a person includes a natural person, partnership, firm, body corporate, trust, joint venture, association, governmental or local authority or agency or other entity;
- (i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (j) any authorities, associations, bodies and entities, whether statutory or otherwise, will, in the event of such authority, association, body or entity ceasing to exist or being reconstituted, replaced or the powers or functions thereof being transferred to or taken over by any other authority, association, body or entity, be deemed to refer respectively to the authority, association, body or entity established, constituted or substituted in lieu thereof which exercises substantially the same powers or functions; and
- (k) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions.

# APPENDIX A - TERMS AND CONDITIONS OF EMPLOYEE INCENTIVE SCHEME

The Employee Incentive Scheme involves the potential issue to eligible participants of Shares and Options. Outlined below is a summary of the key terms of the Incentive Scheme:

- (a) *Purpose* The purpose of the Incentive Scheme is to develop and strengthen a relationship of interdependence between the Company, as an employer, and its officers, employees and consultants, for the long term mutual benefit of both. Through the implementation of the Incentive Scheme, the Company hopes to align the interests of its employees with that of the Company and its Shareholders, in addition to attracting, motivating and retaining current and future employees.
- (b) *Eligibility to participate in Incentive Scheme* Persons who are eligible to participate in the Incentive Scheme include:
- (i) full, part-time and casual employees;
  - (ii) officers of the Company (including directors); and
  - (iii) consultants of the Company,
- each as and subject to the determination of the Board (each an **Eligible Person**).
- (c) *Administration of Incentive Scheme* The Board will establish an Incentive Scheme Plan Committee (**ISP Committee**) to administer the Incentive Scheme. The ISP Committee will:
- (i) initially be constituted by no less than three Directors; and
  - (ii) may later be comprised of other officers or senior management of the Company as the Board deems appropriate.
- (d) *Offer* The Board may issue an offer to any Eligible Person to participate in the Incentive Scheme (**Participation Offer**). The Participation Offer will:
- (i) invite application for the number of Shares or Options (**Offer Securities**) specified in the Participation Offer (or specify the manner in which the number of Offer Securities was or is to be calculated);
  - (ii) specify the issue price for the Offer Securities or the method of its calculation;
  - (iii) specify any other amount payable to subscribe for the Offer Securities;
  - (iv) specify a period within which the Eligible Person will be required to provide written evidence to the Company of that Eligible Person's acceptance of the Participation Offer, in the absence of which that Eligible Person will be deemed to have rejected the Participation Offer;
  - (v) disclose any conditions applicable to the participation by the Eligible Person in the Incentive Scheme;
  - (vi) disclose any conditions applicable to the Offer Securities that are the subject of that Participation Offer;
  - (vii) whether or not it is the intent of the Company to apply for or maintain the official quotation of any Offer Securities the subject of that Participation Offer, upon or at any time after, their issue. and
  - (viii) specify any other terms and conditions attaching to the Offer Securities, as determined by the Board in its absolute discretion.
- (e) *Participant* Upon the acceptance of a Participation Offer in accordance with its terms and conditions, and otherwise in accordance with the terms and conditions of the Incentive Scheme (**Acceptance**), that Eligible Person will thereafter, and for the purposes of the Incentive Scheme, be referred to as a **Participant**.

# APPENDIX A - TERMS AND CONDITIONS OF EMPLOYEE INCENTIVE SCHEME

- (f) *Vesting Conditions* Offer Securities issued under the Incentive Scheme may be subject to vesting conditions determined by the Board in its absolute discretion. As an example, the Board may determine that Offer Securities will vest in the Participant in increments pursuant to the achievement of stated or to be agreed continuous performance levels or events.
- (g) *Forfeiture or lapsing of Offer Securities* If a vesting condition is not satisfied by the last date on which it is due to have occurred or by the date on which the Participant ceases to be an Eligible Person, the Company will:
- (i) be entitled (but not required) to buy-back and cancel the relevant Offer Securities; or
  - (ii) require that Participant to transfer all or any of the Offer Securities to a party nominated by the Company for that purpose, in accordance with the Listing Rules and the Corporations Act.
- (h) *Power of Attorney* Each Participant, will upon or after Acceptance, each appoint each of the Directors severally as its attorney to:
- (i) deal with all or any of the Offer Securities issued pursuant to an Acceptance of a Participation Offer; and
  - (ii) give effect to any transaction contemplated by the terms or conditions of any Participation Offer,
- as if that Attorney was the registered beneficial holder of any such Offer Security.
- (i) *Voting, dividend and restrictions on participation in new issues* Participants will not be entitled to participate in any new issue of Equity Securities, bonus issue, or capital reduction if and to the extent that any of the Offer Securities that were the subject of a Participation Offer, have not vested in that Participant on or before the record date applicable to such issue.
- (j) *Reconstruction of Capital* In the event that the Company undergoes a reconstruction of capital, the Board will, in co-operation with the ISP Committee, adjust the number and terms and conditions of issue of any or all Offer Securities that a Participant may receive, whether or not they have vested in that Participant on or before the date of that reconstruction, in order to ensure that that Participant does not receive any advantage or suffer any detriment solely as a result of the occurrence of that reconstruction.
- (k) *Plan Limit* The Company must ensure that the number of Offer Securities offered by the Company to any Eligible Person under the Incentive Scheme when aggregated with the number of Offer Securities:
- (i) that would be issued or required to be issued, if each outstanding Participation Offer, under the Incentive Scheme or under any other employee incentive scheme operated by the Company or any subsidiary or related body corporate of the Company, was accepted; and
  - (ii) issued under the Incentive Scheme during the five consecutive calendar years immediately preceding the date of making that abovementioned offer,
- does not, on a fully diluted basis, exceed five per cent (5%) of the total number of Shares on issue at the time of making a Participation Offer (but disregarding any offer of Offer Securities that may be disregarded in accordance with applicable ASIC regulatory guidelines or class orders).

# CORPORATE DIRECTORY

## Board of Directors

Keith Perrett, Non-Executive Chairman  
Anthony McClure, Managing Director  
Peter Langworthy, Non-Executive Director  
Jonathan Battershill, Non-Executive Director

## Company Secretary

Trent Franklin

## Registered Office

Level 11, 52 Phillip Street  
Sydney NSW 2000  
Australia

## Company Website

[www.silvermines.com.au](http://www.silvermines.com.au)

## Share Registry

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

Phone: 1800 000 639  
Fax: +61 9290 9600

# PROXY FORM



ACN 107 452 942

## 2018 ANNUAL GENERAL MEETING

I/we

Name

of

Address

being a member of Silver Mines Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR  the Chair of the Annual General Meeting as my/our proxy

or failing the person so named or, if no person is named, the Chair of the Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Meeting to be held at **10:00am (AEDT) on Wednesday 28 November 2018** at Level 15, 1 O'Connell Street Sydney NSW 2000 Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the Meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote as your proxy in respect of **Resolutions 1 to 9** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1-9 and that votes cast by the Chair of the Meeting for Resolutions 1-9 other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1-9 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1-9.

**OR**

### Voting on Business of the Meeting

Resolution 1 Adoption of Remuneration Report

**FOR** **AGAINST** **ABSTAIN**

Resolution 2 Ratification of Issue of April 2018 Placement Shares

Resolution 3 Approval to issue Shares under Listing Rule 7.1A

Resolution 4 Election of Peter Langworthy as a Director

Resolution 5 Approval to issue Securities to Anthony McClure

Resolution 6 Approval to issue Securities to Keith Perrett

Resolution 7 Approval to issue Securities to Peter Langworthy

Resolution 8 Ratification of Options issued to Patersons Securities Limited

Resolution 9 Approval for amendment to terms of Employee Incentive Scheme

**Please note:** If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

**Signatures of Member(s):**

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

# INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

1. **(Appointing a Proxy):** A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members must sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the *Corporations Act*) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to GPO Box 225, Sydney NSW 2001, Australia; or
  - (b) facsimile to the Company on facsimile number (+61 2) 8316 3999so that it is received not later than **10:00am (AEDT) on Monday, 26 November 2018.**

**Proxy Forms received later than this time will be invalid.**