

**SILVER MINES LIMITED ACN 107 452 942**

**Notice of Extraordinary General Meeting**

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

**DATE:** Friday, 23 August 2019

**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.*

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## Time and Place of Meeting and How to Vote

### 1. Venue

The Extraordinary 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 (AEST) on Friday, 23 August 2019** 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 (AEST) on Wednesday, 21 August 2019**.

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

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## Notice of Meeting

Notice is given that the Meeting of Shareholders will be held at **10:00am (AEST) on Friday, 23 August 2019** 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 (AEST) on 21 August 2019.

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

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## Agenda

### 1. RESOLUTION 1 – APPROVAL TO ISSUE SECURITIES TO 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 10.11 and for all other purposes, Shareholder approval is given for the issue of 3,000,000 Shares, and 1,500,000 attaching quoted 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 1 of the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution 1 by Anthony McClure and any of his Associates.

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.

## 2. RESOLUTION 2 – RATIFICATION OF ISSUE OF MARCH PLACEMENT SECURITIES

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 57,000,000 Shares and 28,500,000 quoted Options, each with an exercise price of \$0.06 and an expiry date of 6 September 2021, to Sophisticated Investors 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.

## 3. RESOLUTION 3 – 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 2,000,000 quoted Options, each 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 3 of the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution 3 by Patersons Securities Limited and any of its Associates.

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.

#### 4. RESOLUTION 4 – RATIFICATION OF ISSUE OF JULY PLACEMENT SECURITIES

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 55,000,000 Shares and 17,500,000 quoted options each with an exercise price of \$0.06 and an expiry date of 6 September 2021 to Sophisticated Investors, on the terms and conditions contemplated in Section 4 of the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution 4 by any person who participated in the issue of Shares considered under Resolution 4 as described in Section 4 of the Explanatory Statement, and any Associate of any of the foregoing persons.

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.

#### 5. RESOLUTION 5 – APPROVAL TO ISSUE JULY PLACEMENT OPTIONS

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 7.1 and for all other purposes, Shareholder approval is given for the issue of 10,000,000 quoted Options, each with an exercise price of \$0.06 and an expiry date of 6 September 2021 to Sophisticated Investors 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 any person who participated in the issue of Options considered under Resolution 5 as described in Section 5 of the Explanatory Statement, and any Associate of any of the foregoing persons.

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.

**6. RESOLUTION 6 – APPROVAL TO ISSUE 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 7.1 and for all other purposes, Shareholder approval is given for the issue of 2,000,000 quoted Options, each 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 6 of the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of this Resolution 6 by Patersons Securities Limited and any of its 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.

**7. OTHER BUSINESS**

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

**DATED:** 22 July 2019



**TRENT FRANKLIN  
COMPANY SECRETARY  
SILVER MINES LIMITED**

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## 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 – APPROVAL TO ISSUE SECURITIES TO RELATED PARTY

#### 1.1 Background

As announced on 29 March 2019, Silver Mines recently conducted a Placement to Sophisticated Investors, raising \$3.0 million (before costs) (**March Placement**). Under the March Placement, the Company offered Sophisticated Investors the opportunity to subscribe for Shares at \$0.05 each (**March Placement Shares**), with participants receiving one attaching Option (**March Placement Options**) for every two March Placement Shares for which they subscribed. The March Placement Options were quoted, with an exercise price of \$0.06 and an expiry date of 6 September 2021.

The March Placement was fully subscribed for 60,000,000 March Placement Shares and 30,000,000 March Placement Options. This included participation by Managing Director Anthony McClure for A\$150,000, representing 3,000,000 March Placement Shares and 1,500,000 March Placement Options. The purpose of Resolution 1 is to obtain Shareholder approval for Mr McClure's participation in the March Placement.

The funds raised under the March Placement were primarily used for funding exploration at the Barabolar Project, progressing the Environmental Impact Statement for the Bowdens Silver Project and for general working capital purposes.

#### 1.2 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 being a Director.

#### 1.3 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 1 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*

3,000,000 March Placement Shares and 1,500,000 March Placement Options.

(c) *Date of issue*

The Company intends to issue the March Placement Shares and March Placement Options the subject of Resolution 1 on the day immediately after the date upon which Resolution 1 is duly approved or in any event, within one month from the date on which Resolution 1 is duly approved.

(d) *Relationship of Related Party*

Mr McClure is a Director.

(e) *Issue price*

The Shares (with attaching Options) were issued for \$0.05 each.

(f) *Terms of issue*

The March Placement Shares will be fully paid ordinary shares in the issued capital of the Company. The March Placement Options will form part of an already existing class of quoted Options, each with an exercise price of \$0.06, and an expiry date of 6 September 2021.

(g) *Use of funds raised*

The funds raised from Mr McClure's subscription under the March Placement will be allocated toward the same purposes as the remainder of the March Placement funds, as set out in section 1.1.

#### **1.4 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.

#### **1.5 Recommendation of Directors**

Each Director, other than Anthony McClure, recommends that Shareholders vote **IN FAVOUR** of Resolution 1.

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

- (a) has no personal interest in the outcome of Resolution 1 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 1.

## **2. RESOLUTION 2 – RATIFICATION OF ISSUE OF MARCH PLACEMENT SECURITIES**

### **2.1 Background**

Resolution 2 proposes the ratification by Shareholders of the issue of 57,000,000 March Placement Shares and 28,500,000 March Placement Options under the March Placement. Including the Director participation the subject of Resolution 1, the March Placement raised \$3.0 million (before costs) with such funds being allocated towards continued exploration at the Barabolar Project and the completion of 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 represents more than 15% of the Company's securities then on issue within the 12 month period immediately prior to the date of that issue or the date of agreement to effect that issue (**15% Threshold**).

Listing Rule 7.1A provides that companies that obtain Shareholder approval by special resolution at their Annual General Meeting, may issue securities up to 10% of the Company's securities then on issue within the 12 month period immediately prior to the date of that issue (**10% 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 or 10% Threshold, as applicable.

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 or 10% 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 57,000,000 March Placement Shares and 28,500,000 March Placement Options issued under the March Placement (**March Placement Securities**), 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*

57,000,000 March Placement Shares and 28,500,000 March Placement Options.

(b) *Issue price of securities*

The Shares (with attaching Options) were issued for \$0.05 each.

(c) *Terms of issue of the securities*

The March Placement Shares will be fully paid ordinary shares in the issued capital of the Company. The March Placement Options form part of an already existing class of quoted Options, each with an exercise price of \$0.06, and an expiry date of 6 September 2021.

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

The March Placement Securities were issued to Sophisticated Investors who are not related parties to the Company.

(e) *Use of funds raised*

The Company raised approximately \$3,000,000 (before costs) under the March Placement, which is being primarily used to finance further exploration at the Barabolar Project and the completion of the Environmental Impact Statement for the Bowdens Silver Project.

## 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 – RATIFICATION OF ISSUE OF OPTIONS TO PATERSONS SECURITIES LIMITED

### 3.1 Background

As set out in section 1.1 and 2.1 of this Notice, the Company recently conducted the March Placement. Patersons Securities Limited (**Patersons**) acted as Lead Manager to the March Placement.

As consideration for the lead management services provided by Patersons for the March Placement, the Company agreed to pay to Patersons 6% of the amount raised under the March Placement and issue to Patersons 2,000,000 Options on the same terms as the March Placement Options (**Patersons March Options**). The Patersons March Options were issued on 4 April 2019. The purpose of Resolution 3 is to ratify the issue of the Patersons March Options.

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

Please refer to section 2.2 of this Explanatory Statement for information in respect of Listing Rule 7.4.

Resolution 3 seeks Shareholder ratification, under Listing Rule 7.4, for the issue of the Patersons March Options in order to restore the Company's capacity to issue further Equity Securities within the 15% Threshold.

### 3.3 Information required by Listing Rule 7.5

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

- (a) *Number of securities issued*  
2,000,000 Patersons March Options.
- (b) *Issue price of securities*  
Nil, as the Patersons March Options were issued a partial payment for services provided to the Company.
- (c) *Terms of issue of the securities*  
The Patersons March Options form part of an already existing class of quoted Options, each with an exercise price of \$0.06, 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 3 as the Patersons March Options were issued as consideration for lead management services provided for the March Placement.

### 3.4 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.

### 3.5 Recommendation of Directors

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

Each Director confirms that 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.

## 4. RESOLUTION 4 – RATIFICATION OF ISSUE OF JULY 2019 PLACEMENT SECURITIES

### 4.1 Background

As announced on 5 July 2019, Silver Mines recently conducted a Placement to Sophisticated Investors, raising \$2.75 million (before costs) (**July Placement**). Under the July Placement, the Company offered Sophisticated Investors the opportunity to subscribe for Shares at \$0.05 each (**July Placement Shares**), with participants receiving one Option for every two July Placement Shares for which they subscribed. The Options are quoted, with an exercise price of \$0.06 and an expiry date of 6 September 2021 (**July Placement Options**). The July Placement was fully subscribed for 55,000,000 July Placement Shares and 27,500,000 July Placement Options, which were issued as follows:

- (a) 8,650,629 July Placement Shares issued using Listing Rule 7.1 capacity;
- (b) 46,349,371 July Placement Shares issued using Listing Rule 7.1A capacity;
- (c) 17,500,000 July Placement Options issued using Listing Rule 7.1A capacity; and
- (d) 10,000,000 July Placement Options to be issued in accordance with Listing Rule 7.1 following shareholder approval.

Resolution 4 proposes the ratification by Shareholders of the issue of 55,000,000 July Placement Shares and 17,500,000 July Placement Options (**July Placement Securities**) under the July Placement. The July Placement raised \$2.75 million (before costs) with such funds being allocated towards continued exploration at the Barabolar Project, other exploration activities, the completion of the Environmental Impact Statement for the Bowdens Silver Project, associated land acquisitions and for general corporate and working capital.

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

Please refer to section 2.2 of this Explanatory Statement for information in respect of Listing Rule 7.4.

Resolution 4 seeks Shareholder ratification, under Listing Rule 7.4, for the issue of 55,000,000 Shares and 17,500,000 Options issued under the July Placement, in order to restore the Company's capacity to issue further Equity Securities within the 15% Threshold and the 10% Threshold, as applicable.

### 4.3 Information required by Listing Rule 7.5

For the purpose of Listing Rule 7.5, the following information in relation to the Securities the subject of Resolution 4 is provided:

(a) *Number of securities issued*

55,000,000 July Placement Shares and 17,500,000 July Placement Options.

(b) *Issue price of securities*

The Shares (with attaching Options) were issued for \$0.05 each.

(c) *Terms of issue of the securities*

The July Placement Shares are fully paid ordinary shares in the issued capital of the Company and rank equally with all other Shares currently on issue.

The July Placement Options form part of an existing class of quoted options, and have an exercise price of \$0.06 each and an expiry date of 6 September 2021.

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

The July Placement Securities were issued to Sophisticated Investors who are not Related Parties of the Company.

(e) *Use of funds raised*

The Company raised approximately \$2.75 million (before costs) under the July Placement, with such funds being allocated towards continued exploration at the Barabolar Project, other exploration activities, the completion of the Environmental Impact Statement for the Bowdens Silver Project, associated land acquisitions and for general corporate and working capital.

### 4.4 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.

### 4.5 Recommendation of Directors

Each Director recommends that Shareholders vote **IN FAVOUR** of Resolution 4.

Each Director 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 – APPROVAL TO ISSUE JULY PLACEMENT OPTIONS

### 5.1 Background

Resolution 5 proposes the approval by Shareholders for the issue of 10,000,000 July Placement Options under the July Placement. Under the July Placement, participants subscribed for one July Placement Option for every two July Placement Shares for which they subscribed. Each July Placement Option is quoted, with an exercise price of \$0.06 and an expiry date of 6 September 2021.

As the Company did not have sufficient capacity under Listing Rules 7.1 and 7.1A to issue all of the July Placement Options at the time of the July Placement, the Company arranged to issue the July Placement Options in two tranches:

- (a) 17,500,000 July Placement Options, issued at the time of the July Placement ; and
- (b) 10,000,000 July Placement Options, to be issued subject to Shareholder approval under this Resolution 5.

## **5.2 Requirement for Shareholder ratification under Listing Rule 7.1**

Listing Rule 7.1, known as the “15% rule”, limits the capacity of an ASX-listed entity to issue Equity Securities without the approval of its security holders.

In essence, Listing Rule 7.1 provides that an entity may not issue or agree to issue Equity Securities equal to more than 15% of the total number of ordinary securities on issue in the capital of the entity, 12 months prior to the proposed date of issue or agreement to issue plus any additional ordinary securities issued by the entity with security holder approval or in reliance on an exception to Listing Rule 7.1 during that 12 month period, unless the issue or agreement to issue is approved by security holders or otherwise comes within one of the exceptions to Listing Rule 7.1.

The effect of Shareholders passing Resolution 5 will be to enable the Company to issue the second tranche of July Placement Options in compliance with Listing Rule 7.1.

For this reason, Shareholders are asked to consider and vote upon Resolution 5.

## **5.3 Information required by Listing Rule 7.3**

For the purpose of Listing Rule 7.3, the following information in relation to the July Placement Options the subject of Resolution 5 is provided:

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

10,000,000 July Placement Options.

- (b) *Last date for issuing the securities*

The July Placement Options the subject of this Resolution 5 will, subject to Shareholder approval, be issued by no later than three months after the date of the Meeting (or before such later date permitted by any waiver or modification of the Listing Rules granted by ASX).

- (c) *Issue price of securities*

The July Placement Options were issued as attaching to the July Placement Shares which were issued for \$0.05 each.

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

The July Placement Options the subject of this Resolution 5 will be issued to Sophisticated Investors who are not related parties to the Company.

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

The July Placement Options are part of an already existing class of quoted Options, each with an exercise price of \$0.06, and an expiry date of 6 September 2021.

(f) *Funds raised from the issue of securities*

The Company raised approximately \$2.75 million (before costs) under the July Placement, with such funds being allocated towards continued exploration at the Barabolar Project, other exploration activities, the completion of the Environmental Impact Statement for the Bowdens Silver Project, associated land acquisitions and for general corporate and working capital.

(g) *Anticipated issue date*

Subject to the timeframe set out in paragraph 5.3(b) above, it is currently anticipated that, subject to Shareholder Approval, the July Placement Options will be issued on or about 26 August 2019.

#### **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 recommends that Shareholders vote **IN FAVOUR** of Resolution 5.

Each Director 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 – APPROVAL TO ISSUE OPTIONS TO PATERSONS SECURITIES LIMITED**

#### **6.1 Background**

As set out in section 4.1 of this Explanatory Statement, the Company recently conducted the July Placement. Patersons Securities Limited (**Patersons**) acted as Lead Manager to the July Placement.

As consideration for the lead management services provided by Patersons for the July Placement, the Company agreed to pay to Patersons 6% of the amount raised under the July Placement and issue to Patersons 2,000,000 Options on the same terms as the July Placement Options (**Patersons July Options**). The purpose of Resolution 6 is to approve the issue of the Patersons July Options.

#### **6.2 Requirement for Shareholder approval under Listing Rule 7.1**

Listing Rule 7.1, known as the “15% rule”, limits the capacity of an ASX-listed entity to issue Equity Securities without the approval of its security holders.

In essence, Listing Rule 7.1 provides that an entity may not issue or agree to issue Equity Securities equal to more than 15% of the total number of ordinary securities on issue in the capital of the entity, 12 months prior to the proposed date of issue or agreement to issue plus any additional ordinary securities issued by the entity with security holder approval or in reliance on an exception to Listing Rule 7.1 during that 12 month period, unless the issue or agreement to issue is approved by security holders or otherwise comes within one of the exceptions to Listing Rule 7.1.

The effect of Shareholders passing Resolution 6 will be to enable the Company to issue the Patersons July Options in compliance with Listing Rule 7.1.

For this reason, Shareholders are asked to consider and vote upon Resolution 6.

### 6.3 Information required by Listing Rule 7.3

For the purpose of Listing Rule 7.3, the following information in relation to the Patersons July Options is provided:

(a) *Maximum number of securities to be issued*

2,000,000 Patersons July Options.

(b) *Last date for issuing the securities*

The Patersons July Options the subject of this Resolution 6 will, subject to Shareholder approval, be issued by no later than three months after the date of the Meeting (or before such later date permitted by any waiver or modification of the Listing Rules granted by ASX).

(c) *Issue price of securities*

Nil, as the Patersons July Options are being issued as partial payment for services provided to the Company.

(d) *Parties to whom the securities will be issued*

Patersons Securities Limited.

(e) *Terms of issue of the securities*

The Patersons July Options are part of an already existing class of quoted Options, each with an exercise price of \$0.06, and an expiry date of 6 September 2021.

(f) *Funds raised from the issue of securities*

Nil funds will be raised from the issue under this Resolution as the Patersons July Options were issued as consideration for lead management services provided for the July Placement.

(g) *Anticipated issue date*

Subject to the timeframe set out in paragraph 6.3(b) above, it is currently anticipated that, subject to Shareholder Approval, the Patersons July Options will be issued on or about 26 August 2019.

### 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 recommends that Shareholders vote **IN FAVOUR** of Resolution 6.

Each Director confirms that he has no personal interest in the outcome of Resolution 6 other than in his capacity as a Shareholder or an Associate of a Shareholder.

## 7. 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>AEST</b>	Australian Eastern Standard Time.
<b>Associate</b>	has the meaning given in Listing Rule 19.12.
<b>ASX</b>	ASX Limited can 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>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 to that term in chapter 19 of the Listing Rules.
<b>Explanatory Statement</b>	the section entitled “Explanatory Statement” of this Document, forming part of the Notice.
<b>July Placement</b>	the Placement conducted by the Company in July 2019 and described more fully in section 4.1 of the Explanatory Statement.
<b>July Placement Option</b>	a quoted Option issued under the July Placement, with an exercise price of \$0.06 and an expiry date of 6 September 2021.
<b>July Placement Share</b>	a Share issued under the July Placement.
<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>March Placement</b>	the Placement conducted by the Company in March 2019 and described more fully in section 1.1 of the Explanatory Statement.
<b>March Placement Option</b>	a quoted Option issued under the March Placement, with an exercise price of \$0.06 and an expiry date of 6 September 2021.
<b>March Placement Share</b>	a Share issued under the March Placement.

<b>Meeting</b>	the Extraordinary 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.
<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.

**Annexure A - Proxy Form – Silver Mines Limited ACN 107 452 942**

**2019 EXTRAORDINARY GENERAL MEETING**

I/We \_\_\_\_\_  
 of \_\_\_\_\_  
 appoint(s) \_\_\_\_\_  
 Name  
 Address  
 Name of proxy

the Chair of the Meeting as my/our proxy

**OR**

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 (AEST) on 23 August 2019** 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 6** 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 1-6 and that votes cast by the Chair of the Meeting for Resolutions 1-6 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 1-6 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1-6.

**OR**

**Voting on Business of the Meeting**

		<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1	Approval to issue Securities to Anthony McClure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of Issue of March Placement Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of March Options issued to Patersons Securities Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Issue of July Placement Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to issue July Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to issue Options to Patersons Securities Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**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.

**Signature of Member(s):** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

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

## SILVER MINES LIMITED

ACN 107 452 942

### 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 3999,

so that it is received not later than **10:00am (AEST) on 21 August 2019**.

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

## **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