

5 July 2019

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

SPROTT JOINS REGISTER IN \$2.75M SHARE PLACEMENT

Silver Mines Limited (ASX:SVL) (“Silver Mines” or “the Company”) is pleased to advise that it has successfully completed a capital raising of A\$2.75 million (before costs) (“Placement”) to institutional, professional and sophisticated investors.

Patersons Securities Limited acted as Lead Manager to the Placement.

The Placement was conducted at an issue price of \$0.05 per share, with participants receiving one SVLOB option (\$0.06 exercise price, expiry 6 September 2021) for every two shares for which they subscribed. The Placement will result in the issue of 55,000,000 fully paid, ordinary shares (“Shares”) and 27,500,000 options, which will be issued using the Company’s capacity under ASX Listing Rule 7.1 and 7.1A. The Shares will rank equally with the Company’s fully paid, ordinary shares currently on issue.

The Placement saw the introduction of well-regarded resources institutional shareholder Sprott Asset Management LP of Canada (“Sprott”) who subscribed for A\$1.0 million of the Placement. *See further information below.*

The funds raised under the Placement will be primarily used for funding 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 corporate and general working capital purposes.

The Placement was undertaken in the following portions:

- Listing Rule 7.1: 8,650,629 fully paid, ordinary Shares; and
- Listing Rule 7.1A: 46,349,371 fully paid, ordinary Shares and 17,500,000 options.

The remaining 10,000,000 options will be subject to shareholder approval which is expected to be sought at a shareholder meeting to be held in August 2019 (**August EGM**).

For the purposes of Listing Rule 3.10.5A, the Company provides the following information with respect to the issue of securities under Listing Rule 7.1A:

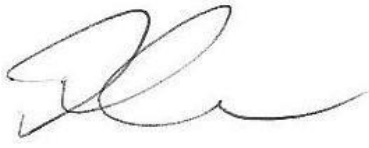
- (a) The portion of the Shares which were issued using Listing Rule 7.1A capacity represent a 6.64% dilution to current shareholders.
- (b) The Company elected to issue these shares and options using Listing Rule 7.1A capacity, as it did not have sufficient remaining capacity under Listing Rule 7.1 to cover the Placement.
- (c) There were no underwriting arrangements for the Placement.
- (d) Fees and costs associated with the Placement include:

- a. payment of 6% capital raising fees on the total quantum raised under the Placement;
- b. issue of 2,000,000 SVLOB options to Patersons Securities Limited for Lead Management services (for which shareholder approval will be sought at the August EGM); and
- c. other nominal administrative, share registry, and ASX fees.

Settlement of the Placement is expected to take place on 12 July 2019.

The Company requests that the halt on trading in its securities be lifted with immediate effect.

Yours faithfully
Silver Mines Limited



Trent Franklin
Company Secretary

About Sprott

Sprott is an alternative asset manager and a global leader in precious metal and real asset investments. The Sprott group of companies has approximately CAD\$10 billion (USD\$8 billion) in assets under management as of March 2019. For more information, please visit www.sprott.com.