



**Silver Mines Limited**  
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**To: Australian Securities Exchange Limited (ASX)**  
**From: Silver Mines Limited (ASX: SVL)**  
**Date: 31 July, 2015**  
**Subject: June 2015 Quarterly Report & Appendix 5B**

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The Board of Silver Mines Limited (the Company) is pleased to provide herewith the Appendix 5B for the quarter ended 30 June, 2015, showing a negative next operating cash flow of \$241K for the quarter with \$51K cash at bank available at the end of the quarter.

On 17 June 2015, the Company has announced a 4:1 Rights Issue to raise an amount of \$2.8 Million with a minimum of \$750K of any shortfall underwritten by Fern Street Partners. Since then, on July 30, 2015, the Company has executed a Corporate Advisory Services Mandate with DJ Carmichael, who will also act as Lead Managers and Underwriters to the Rights Issue under the corporate advisory mandate to the extent of \$2,050,000, subject to an Underwriting Agreement expected to be executed next week.

The favourable pricing of the Rights issue, together with the proposed Underwriting of \$2,050,000 and the Fern Street Partners' commitment to take up a shortfall of \$750K, the maximum funding under the Rights Issue is expected to be achieved.

Meanwhile, the Company has secured sufficient loan funds as required, from a Director, to be able to meet any expenditure commitments until the Rights Issue is completed.

**By Order of the Board**  
**Silver Mines Limited**

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## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Silver Mines Limited

ABN

45 107 452 942

Quarter ended ("current quarter")

30<sup>th</sup> June 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(22)	(130)
		(220)	(491)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	<b>Net Operating Cash Flows</b>	(241)	(620)
<b>Cash flows related to investing activities</b>			(2)
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(50)	(63)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)	(15)	(15)
	<b>Net investing cash flows</b>	(65)	(80)
1.13	Total operating and investing cash flows (carried forward)	(306)	(700)

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1.13	Total operating and investing cash flows (brought forward)	(306)	(700)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	40	277
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	307	317
1.17	Repayment of borrowings	(42)	(42)
1.18	Dividends paid		
1.19	Other (provide details if material)		4
	<b>Net financing cash flows</b>	<b>305</b>	<b>556</b>
	<b>Net increase (decrease) in cash held</b>	<b>(1)</b>	<b>(144)</b>
1.20	Cash at beginning of quarter/year to date	52	195
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>51</b>	<b>51</b>

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	50
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Managing Director Fees, Fees to other Directors and Company secretary

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

+ See chapter 19 for defined terms.

**Appendix 5B**  
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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil
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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	
4.3 Production	
4.4 Administration	90
<b>Total</b>	<b>190</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	51	52
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>51</b>	<b>52</b>

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### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b>			
7.2	<i>(description)</i> Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	692,922,714	692,922,714	
7.4	<i>(description)</i> Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	<b>+Convertible debt securities</b>			
	<i>(description)</i>			

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## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	8,500,000 5,800,000 83,200,135		<i>Exercise price</i> \$0.50 \$0.043 \$0.01	<i>Expiry date</i> 23 December 2015 31 May 2017 13 December 2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Signature held on file  
(Company Secretary)

Date: 31 July 2015

Print name: Vaz Hovanessian

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

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- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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