

31 July 2019

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

SUCCESSFUL APPLICATION FOR JUNIOR MINERALS EXPLORATION INCENTIVE

Silver Mines Limited (ASX:SVL) ("Silver Mines" or "the Company") is pleased to advise that its application for participation in the Australian Taxation Office's 2019-2020 Junior Minerals Exploration Incentive ("JMEI") program has been successful.

The Company will receive JMEI tax credits of up to A\$1,237,500, which can be distributed to eligible shareholders. In order to be eligible, shareholders must be Australian residents whom subscribe for and receive fully paid, ordinary shares in the issued capital of the Company as part of its capital raising activities conducted between 1 July 2019 and 30 June 2020 ("Eligible Shareholders"). When distributed, JMEI credits are attributed to Eligible Shareholders on a pro-rata basis.

Investors should note that the Company cannot and does not guarantee that Eligible Shareholders will receive the maximum number of JMEI credits which are available to the Company, as the number received by an Eligible Shareholder for the particular financial year may vary as a result of any one or more of the following factors:

- (a) the actual amount of allowable exploration expenditure utilised by the Company in the 2019/2020 financial year;
- (b) the total number of fully paid, ordinary shares which the Company issues in the 2019/2020 financial year;
- (c) the Company's tax losses for the 2019/2020 financial year; and
- (d) the particular Eligible Shareholder's individual financial circumstances.

As the JMEI program is a recent introduction, the Company encourages investors to obtain their own professional advice prior to participating in capital raisings. Eligible Shareholders will be notified of their entitlement to JMEI credits, if any, after the Company has lodged its 2019/2020 financial year tax return. The JMEI tax credits will then apply to the Eligible Shareholder's tax return for the period ended 30 June 2020.

About JMEI

The JMEI program, which was introduced in March 2018, is a voluntary program in which companies must apply to participate. It encourages investment into small exploration companies that conduct "Greenfields" exploration within Australia. It allows successful applicants to generate tax incentives by electing to give up a portion of their losses from "Greenfields" mineral exploration expenditure for distribution to Eligible Shareholders.

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The exploration credit that may be issued to an Eligible Shareholder is limited to the amount paid by that investor to the Company for the shares, multiplied by the corporate tax rate. An Eligible Shareholder who receives exploration credits is entitled to a refundable tax offset, or if the Eligible Shareholder is a corporate tax entity, additional franking credits.

Yours faithfully
Silver Mines Limited



Trent Franklin
Company Secretary

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