

3 August 2018

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

## **\$3.85 MILLION RIGHTS ISSUE TO FUND EXPLORATION AT BARABOLAR**

### **Highlights**

- A one (1) for four (4) renounceable pro-rata entitlement offer to raise approximately \$3.85 million.
- Funds to be used to primarily accelerate exploration at the Company's exciting new Barabolar Project.
- Outstanding newly discovered area with substantial copper-gold-silver-lead-zinc-molybdenum anomalism over a corridor 9000 metres by 2000 metres.
- At the completion of the Offer, the Company will be fully funded for its upcoming 7,500 metre drilling campaign at Barabolar.
- Funding is also for the completion of Bowdens Silver Environmental Impact Statement, associated feasibility works and working capital purposes.
- Patersons Securities Limited acting as Lead Manager and Underwriter to the Offer.

Silver Mines Limited (ASX:SVL) ("Silver Mines" or "the Company") is pleased to announce it has launched an entitlements issue to raise up to \$3,846,006 (before costs) ("Rights Issue" or "Offer").

The Company intends to use the funds raised under the Offer for the purposes of further exploration at the Company's wholly owned Barabolar Project in central New South Wales. Other works include progressing the Bowdens Silver Environmental Impact Statement and associated feasibility works and other working capital purposes.

## Rights Issue Details

The terms of the Offer are as follows:

Eligible Shareholders will be offered the ability to subscribe for one (1) fully paid ordinary share at an issue price of \$0.03 per share ("New Share") for every four (4) existing shares they hold in the Company to raise \$3,846,006, as at the record date (10 August 2018).

Eligible Shareholders will receive one (1) free attaching New Option for every two New Shares subscribed for. The New Options will have an exercise price of \$0.06, with an expiry date which is three years from issue. The Company will make application to the ASX for quotation of the New Options.

Based on the capital structure of the Company as at the date of this announcement, a maximum of 128,200,214 New Shares and 64,100,107 New Options will be issued pursuant to this Offer. This means existing shareholders may have their existing shareholdings in the Company diluted by up to approximately 20%.

The Company will not be seeking shareholder approval for the Offer as it falls within ASX Listing Rule 7.2 Exception 1 an issue to holders of ordinary securities made under a pro rata issue.

Eligible Shareholders include shareholders who are noted in the Share Registry as having an address in Australia or New Zealand as at the record date.

Shareholders will be able to trade their entitlements on the ASX.

Eligible Shareholders will also be given the opportunity to apply for additional new shares in excess of their entitlement. Further details of the Offer including how to apply for entitlement and additional shares will be set out in a prospectus to be dated 3 August 2018 ("Prospectus") which will be lodged shortly with the ASIC and ASX and which will be made available to all Eligible Shareholders in accordance with the indicative timetable set out below.

The Offer will be partially underwritten by Patersons Securities Limited (**Underwriter**) to the value of \$2,500,000. In consideration for the services provided by the Underwriter in connection with the Offer, including its underwriting, the Underwriter will be paid:

- a corporate advisory fee of \$60,000;
- a management fee of 2% of the total amount raised under the Offer;
- an underwriting fee of 4% of the gross amount raised under the Offer; and
- 4 million Underwriter Options.

The Directors of the Company have committed their support for the Rights Issue and have confirmed that they intend to take up their full entitlements under the Offer. In addition, the Company's Managing Director, Anthony McClure, has confirmed that he intends to sub-underwrite a further \$200,000 in the Offer in addition to his entitlement. Mr McClure will not be receiving any fees in relation to his sub-underwriting.

## **Indicative Timetable**

The Offer is intended to be conducted in accordance with the following timetable\*:

|                                                                      |                  |
|----------------------------------------------------------------------|------------------|
| Announcement of Offer                                                | 3 August 2018    |
| Lodgement of Prospectus with ASIC                                    | 3 August 2018    |
| Copy of Prospectus given to ASX                                      | 3 August 2018    |
| Notices sent to Shareholders                                         | 6 August 2018    |
| Ex-date                                                              | 9 August 2018    |
| Trading of rights commences                                          | 9 August 2018    |
| Record Date                                                          | 10 August 2018   |
| Prospectus despatched to Shareholders (and announcement of despatch) | 15 August 2018   |
| Closure of rights trading                                            | 24 August 2018   |
| Last day to extend the Closing Date                                  | 28 August 2018   |
| Closing Date                                                         | 31 August 2018   |
| ASX notified of under subscriptions                                  | 4 September 2018 |
| Issue date                                                           | 6 September 2018 |
| Trading of Securities commences on a normal basis                    | 7 September 2018 |

\* The above dates are determined based upon the current expectations of the Directors. The Directors reserve the right to extend the Closing Date by giving at least three Business Days' notice to ASX prior to the Closing Date. Such extensions would have a consequential effect on subsequent dates.

## **Enquiries**

Eligible Shareholders will be sent further details about the Rights Issue in the Prospectus.

Shareholders should read the Prospectus carefully before making any investment decision regarding the Rights Issue.

For further details of the Offer, please see the Company's Prospectus, to be lodged today.

The Company requests that its securities are reinstated to official quotation with immediate effect.

Yours faithfully  
Silver Mines Limited

Trent Franklin  
Company Secretary