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19 July 2019

Ms Melissa Lim
Adviser, Listings Compliance
ASX Compliance Pty Ltd
20 Bridge Street
SYDNEY NSW 2000

Dear Melissa

Re: SVL Share Price Query

We refer to your letter dated 18 July 2019 regarding Silver Mines Limited ("Silver Mines" or the "Company") and respond as follows, using the same numbering:

1. No. The Company is not aware of any such information.
2. (a) – (c) Not applicable.
3. The Company is not aware of any other explanation for the recent trading in its securities, other than:

   i. The silver price has increased by approximately US$1.50 per ounce (10.3%) since 16 June 2019. Since 16 July 2019, the silver price has increased from approximately US$15.30 per ounce to a high of approximately US$16.32 per ounce (6.7%) (*refer to www.kitco.com*).

   ii. The Company holds 100% of the Bowdens Silver Project located in central New South Wales. The project is the largest known undeveloped silver project in Australia and one of the largest globally. The current positive gold price environment has led to an increase in the gold/silver price ratio which is close to 25 year highs *(refer www.macrotrends.net)*. Historically, a high gold/silver price ratio precedes a positive silver price environment. With that occurring, it is likely to lead to a positive material change in the value of the Company's assets and in particular the Bowdens Silver Project.

   iii. The Company announced on 26 June 2019 that it had received positive preliminary environmental assessment outcomes for its Bowdens Silver Mine Development.

   iv. In addition, the Company announced on 5 July 2019 the details of a successful placement raising $2.75 million, in which a well-regarded resources institutional investor joined its register.

4. The Company confirms it is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.
5. This response has been approved by Anthony McClure, the Managing Director of the Company who has been authorised by the Board to respond to the ASX in relation to such matters.

Yours faithfully,

Trent Franklin
Company Secretary

18 July 2019

Reference: ODIN04235

Mr Trent Franklin
Company Secretary
Silver Mines Limited
Level 11 52 Phillip Street
Sydney NSW 2000

By email

Dear Mr Franklin

Silver Mines Limited ('SVL'): Price Query

We note the change in the price of SVL's securities from a low of $0.045 on 15 July 2019 to a high of $0.062 today, 18 July 2019.

We also note the significant increase in the volume of SVL's securities traded from 16 July 2019 to 18 July 2019.

Request for Information

In light of this, ASX asks SVL to respond separately to each of the following questions and requests for information:

1. Is SVL aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes".
    (a) Is SVL relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in SVL's securities would suggest to ASX that such information may have ceased to be confidential and therefore SVL may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.

    (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).

    (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that SVL may have for the recent trading in its securities?
4. Please confirm that SVL is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that SVL's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of SVL with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEST tomorrow Friday, 19 July 2019** If we do not have your response by then, ASX will likely suspend trading in SVL's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, SVL's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to SVL's obligations under Listing Rules 3.1 and 3.1A and also to Guidance *Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that SVL's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in SVL's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in SVL's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

Melissa Lim
Adviser, Listings Compliance (Sydney)