

10 October 2022

Dear Shareholder

General Meeting – Notice and Proxy Form

Notice is hereby given that the 2022 Annual General Meeting (“Meeting”) of Shareholders of Silver Mines Limited (“Silver Mines” or “the Company”) will be held at 10:30 am (AEDT) on Wednesday, 9 November 2022 at Level 5, 126 Phillip Street, Sydney NSW 2000 Australia.

In accordance with recent modifications to the *Corporations Act 2001* (Cth), the Company will not be sending hard copies of the Notice of Meeting and accompanying Explanatory Memorandum (“Notice of Meeting”) to shareholders unless a shareholder has requested a hard copy. The Notice of Meeting can be viewed and downloaded from the link set out below.

<https://www.silvermines.com.au/news-announcements/>

Alternatively, the Notice will also be available on the ASX website, ticker code: SVL, at the following link:

<https://www2.asx.com.au/markets/trade-our-cash-market/historical-announcements>

If you are unable to attend the Meeting, you can lodge a proxy vote online via our Share Registry by taking the following steps:

1. Go to <https://investor.automic.com.au/#/loginsah>
2. Log on using your unique shareholder identification number and enter your Australian postcode as well as the Company’s ASX code (if you are an overseas resident please amend the country name to the country in which you reside).
3. Select on the “I’m not a robot” box and follow the prompt.
4. Click on the “Meetings” button.
5. Click on the “vote” button.

Alternatively, you can complete and lodge the personalised Proxy Form for the Meeting enclosed with this letter.

In order for your proxy to count, you will need to either complete an online proxy, or lodge your completed hard copy Proxy Form as per the instructions on the enclosed Proxy Form, by no later than 10:30 am (AEDT) on 7 November 2022.

The Company strongly encourages all shareholders to lodge their directed proxy votes prior to the Meeting and appoint the Chair as their proxy. All voting at the Meeting will be conducted by poll.

Whilst the Company intends to proceed with a physical meeting as proposed, depending on the status of the COVID-19 circumstances and any Government restrictions on public gatherings in place at the time of the Meeting, the directors may instead be required to make a decision prior to the Meeting that shareholders will not be able to attend the meeting in person.

If it becomes necessary or appropriate to make alternative arrangements to those set out in the Notice of Meeting, the Company will notify shareholders accordingly via the Company’s web-site and the ASX Market Announcements Platform. In order to receive electronic communications from the Company in the future, please update your Shareholder details online at <https://investor.automic.com.au/#/home> and log in with your unique shareholder identification number and postcode (or country for overseas residents).

The Notice of Meeting is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the Notice of Meeting please contact the Company's share registry, Automic on 1300 288 664.

Yours faithfully

Trent Franklin
Company Secretary

Silver Mines Limited

SILVER MINES LIMITED ACN 107 452 942

Notice of Annual General Meeting

TIME: 10:30 am (AEDT)

DATE: Wednesday, 9 November 2022

**PLACE: Level 5, 126 Phillip Street, Sydney, NSW 2000
Australia**

This notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this notice please do not hesitate to contact the Company Secretary on +61 2 8316 3997.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The Meeting of the Shareholders of Silver Mines Limited ACN 107 452 942 (ASX:SVL) (**Company**) to which this Notice relates, will be held at **10:30am (AEDT) 9 November, 2022** at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000 Australia.

The Notice is also being made available to Shareholders electronically and can be viewed and downloaded online at the following link:

<https://www.silvermines.com.au/news-announcements/>

Voting by proxy

A member entitled to attend and vote at the meeting may appoint a proxy.

The person appointed as a proxy may be an individual or a body corporate. If entitled to cast two or more votes, the member may appoint one or two proxies.

Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the member's voting rights. If the proportion is not specified, each proxy may exercise half of the member's voting rights. Fractional votes will be disregarded. Please carefully read the instructions on the Proxy Form and consider how you wish to direct the proxy to vote on your behalf. You may direct the proxy to vote "for", "against" or "abstain" from voting on each resolution or you may leave the decision to the appointed proxy after discussion at the meeting.

A proxy need not be a member of the Company.

To vote by proxy, please use one of the following methods:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form.
By Post	Automic, GPO Box 5193, Sydney NSW 2001
By Email	meetings@automicgroup.com.au

Proxy instructions must be received no later than 48 hours before the commencement of the Meeting.

Proxy forms received later than this time will be invalid.

Voting Intention of the Chair for all Resolutions

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his voting intention on any resolution, in which case an ASX announcement will be made.

Questions

Shareholders are also encouraged to submit questions in advance of the Annual General Meeting to the Company. Questions must be submitted in writing to the Company Secretary, at info@silvermines.com.au at least 48 hours before the Meeting. However, shareholders will be given an opportunity to ask questions on the day of the meeting.

NOTICE OF MEETING

Notice is given that the Meeting of Shareholders will be held at **10:30am (AEDT) on Wednesday, 9 November 2022** at Level 5, 126 Phillip Street, Sydney NSW 2000 Australia.

The Explanatory Statement to this Notice provides additional information on matters to be considered at the Meeting. It is recommended that this Notice and the Explanatory Statement are carefully read in full. The Explanatory Statement and the Proxy Form are part of this Notice.

The Directors have determined, pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that the persons eligible to vote at the Meeting are those who are registered shareholders of the Company at 7:00pm (AEDT) on 7 November 2022.

In light of the COVID-19 pandemic, the Company encourages all Shareholders to vote by proxy in advance of the Meeting.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in the Glossary.

Agenda

1. RECEIPT OF FINANCIAL REPORTS AND REPORTS OF DIRECTOR AND AUDITOR

To receive and consider the Financial Reports of the Company for the financial year ended 30 June 2022, together with the declaration of Directors, the Remuneration Report and the Report of the Directors and the Auditor which relate to the Financial Reports.

A copy of the 2022 Annual Report may be obtained from the Company's website at www.silvermines.com.au.

2. RESOLUTION 1 - ADOPTION OF DIRECTORS' REMUNERATION REPORT

To consider, and if thought fit, pass with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Company's Remuneration Report, as set out in the Directors' Report within the Annual Report for the year ended 30 June 2022, prepared in accordance with section 300A of the Corporations Act."

Please note that in accordance with section 250R(3) of the Corporations Act, the votes cast on this Resolution are advisory only and do not bind the Company or the Directors.

Voting Exclusion Statement: The Company will disregard any votes cast in favour on this Resolution by or on behalf of any person who is a member of the Key Management Personnel, details of whose remuneration is considered in the Remuneration Report and any person who is an Associate of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on this Resolution; and
- (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. **RESOLUTION 2 – RE-ELECTION OF JONATHAN BATTERSHILL AS A DIRECTOR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

“That for the purposes of the Constitution, Listing Rule 14.4 and 14.5 and for all other purposes, Mr Jonathan Battershill being a Non-Executive Director and being eligible, offers himself for re-election, is re-elected as a Director”.

4. **RESOLUTION 3 – RE-ELECTION OF KRISTEN PODAGIEL AS A DIRECTOR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

“That for the purposes of section 201H(3) of the Corporations Act, the Constitution, Listing Rule 14.4 and 14.5 and for all other purposes, Ms Kristen Podagiel being a Non-Executive Director and being eligible, offers herself for re-election, is re-elected as a Director”.

5. **RESOLUTION 4 – INCREASE OF NON-EXECUTIVE DIRECTOR REMUNERATION CAP**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

“That for the purposes of Listing Rule 10.17, the Constitution and for all other purposes, the aggregate maximum amount of remuneration of the Non-Executive Director be increased by \$250,000 per annum to \$500,000 per annum.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director any of their Associates.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as a proxy for a person who is entitled to vote on this Resolution, in accordance with the directions to the proxy or attorney to vote on this Resolution in that way; or
- (b) the Chair as proxy for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on this Resolution; and
 - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. **RESOLUTION 5 – ISSUE OF OPTIONS TO KEITH PERRETT UNDER EMPLOYEE INCENTIVE PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

“That for the purposes of Listing Rule 10.14 and for all other purposes (including the preservation of the Company’s cash resources), Shareholders approve the issue of 1,000,000 Incentive Options under the Incentive Plan to Keith Perrett in accordance with the provisions of such Incentive Plan and on the terms and conditions contemplated in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Keith Perrett, any other person who may obtain a benefit as a result of the passing of this Resolution (other than a benefit solely in the capacity as a security holder in the Company), and any Associate of any of the foregoing persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as a proxy for a person who is entitled to vote on this Resolution, in accordance with the directions to the proxy or attorney to vote on this Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on this Resolution; and
 - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. RESOLUTION 6 – ISSUE OF OPTIONS TO JONATHAN BATTERSHILL UNDER EMPLOYEE INCENTIVE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

“That for the purposes of Listing Rule 10.14 and for all other purposes (including the preservation of the Company’s cash resources), Shareholders approve the issue of 1,000,000 Incentive Options under the Incentive Plan to Jonathan Battershill in accordance with the provisions of such Incentive Plan and on the terms and conditions contemplated in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Jonathan Battershill, any other person who may obtain a benefit as a result of the passing of this Resolution (other than a benefit solely in the capacity as a security holder in the Company), and any Associate of any of the foregoing persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as a proxy for a person who is entitled to vote on this Resolution, in accordance with the directions to the proxy or attorney to vote on this Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on this Resolution; and
- (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. RESOLUTION 7 – ISSUE OF OPTIONS TO KRISTEN PODAGIEL UNDER EMPLOYEE INCENTIVE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

“That for the purposes of Listing Rule 10.14 and for all other purposes (including the preservation of the Company’s cash resources), Shareholders approve the issue of 1,000,000 Incentive Options under the Incentive Plan to Kristen Podagiel in accordance with the provisions of such Incentive Plan and on the terms and conditions contemplated in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Kristen Podagiel, any other person who may obtain a benefit as a result of the passing of this Resolution (other than a benefit solely in the capacity as a security holder in the Company), and any Associate of any of the foregoing persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as a proxy for a person who is entitled to vote on this Resolution, in accordance with the directions to the proxy or attorney to vote on this Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on this Resolution; and
 - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

9. RESOLUTION 8 – APPROVAL FOR ISSUE OF SHARES TO RELATED PARTY FOR SIHA ACQUISITION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholder approval is given for the issue of 10,000,000 Shares to Mr Anthony McClure or his nominees, pursuant to the terms of the Share Sale and Purchase Deed dated 3 May 2016, and otherwise on the terms and conditions contemplated in Section 6 of the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour on this Resolution by Anthony McClure, any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a security holder in the Company), and an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on this Resolution; and
 - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

10. OTHER BUSINESS

To consider any other business that may be validly brought before the Meeting.

DATED: 10 OCTOBER 2022

BY ORDER OF THE BOARD

**TRENT FRANKLIN
COMPANY SECRETARY
SILVER MINES LIMITED**

ENTITLEMENT TO VOTE

Who may vote?

Pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company has determined that for the purpose of the Meeting, all shares in the Company shall be taken to be held by the persons who held them as registered Shareholders at 7:00pm (AEDT) on, 7 November 2022 (**Entitlement Time**).

All holders of ordinary shares in the Company as at the Entitlement Time are entitled to attend and vote at the Meeting.

Transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Meeting.

PROXIES

Please note that:

- (a) a Shareholder of the Company who is entitled to attend and cast a vote at the Meeting has a right to appoint a proxy;
- (b) the appointment may specify the proportion or number of votes that the proxy may exercise;
- (c) a Shareholder who is entitled to cast two or more votes at the Meeting may appoint two proxies and must specify the proportional number of votes each proxy is appointed to exercise;
- (d) if the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half the votes;
- (e) a proxy need not be a Shareholder of the Company;
- (f) if a Shareholder wishes to appoint two proxies, they should contact the Company for another proxy form; and
- (g) unless the Shareholder specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting.

If a Shareholder wishes to appoint a proxy, they should complete the attached 'Appointment of Proxy' form and comply with details set out in that form for lodgement of the form with the Company.

If the Shareholder is a corporation, either under the seal of the corporation (in accordance with its Constitution) or under the hand of an attorney duly authorised in writing or otherwise signed in accordance with the Corporations Act.

If any attorney or authorised officer signs the proxy form on behalf of a Shareholder, the relevant power of attorney or other authority under which it is signed or a certified copy of that power or authority must be deposited with the proxy form.

The proxy form must be received **not less than 48 hours** before the time for holding the Meeting (i.e. by no later than 10:30am (AEDT) on 7 November 2022) in the following manner:

Online	Lodge the Proxy Form online at https://investor.automic.com.au/#/loginsah by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form.
By Post	Automic, GPO Box 5193, Sydney NSW 2001
By Email	meetings@automicgroup.com.au

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should provide to the Share Registry prior to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

EXPLANATORY STATEMENT

This Explanatory Statement is included in and forms part of the Notice of Meeting. It contains background information pertaining to the Resolutions to be considered and voted upon at the Meeting as well as information required to be given to Shareholders under the Listing Rules in relation to the Resolutions.

It is given to Shareholders to help them determine how to vote on the Resolutions set out in the Notice of Meeting.

Shareholders should read this Explanatory Statement in full and in conjunction with the other sections of this Document, in order to gain a more complete understanding of the Resolutions proposed in the Notice of Meeting.

If a Shareholder is in doubt about what to do in relation to a Resolution, it should consult its financial or other professional adviser.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 Background

The Annual Report for the year ended 30 June 2022 contains the Company's Remuneration Report on pages 21 to 25. The Remuneration Report sets out the Company's remuneration policies and reports the remuneration arrangements in place for the Directors of the Company. A copy of the 2022 Annual Report is available on the Company's website at www.silvermines.com.au, or upon request and free of charge.

The Corporations Act requires:

- (a) the agenda for an Annual General Meeting of a listed company to include a resolution for the adoption of the Remuneration Report (the subject of this Resolution 1); and
- (b) expressly provides that the vote on that resolution is advisory only and does not bind the Directors or the Company.

Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions and comment on the Remuneration Report.

1.2 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution 1, and whose votes will be disregarded if cast on Resolution 1, is set out in the Notice.

2. RESOLUTION 2 – RE-ELECTION OF MR JONATHAN BATTERSHILL

2.1 Background

Mr Battershill graduated with a Bachelor of Engineering (Geology) degree (Hons) from the Camborne School of Mines, United Kingdom in 1995. His career spans over 20 years in mining, business development and finance both in Australia and internationally. His industry experience includes senior operational and business development roles with WMC Resources Limited as well as significant stockbroking experience at Hartleys, Citigroup and UBS both in Sydney and London. Mr Battershill was consistently voted one of the leading mining analysts in Australia between 2009 and 2015 by institutional investors.

2.2 Requirement for Shareholder Approval

Listing Rule 14.4 provides that any director who has been appointed throughout the year must not hold office past the next annual general meeting without re-election.

Listing Rule 14.5 also provides that an ASX listed company which has directors must hold an election of directors at each annual general meeting.

The Constitution requires that at the annual general meeting, one-third of the Directors shall retire from office, provided that no director except a managing director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself for re-election.

Accordingly, Shareholders are asked to consider and vote upon the election of Mr Jonathan Battershill as a Director of the Company.

If this Resolution is not approved, Mr Battershill will not be able to serve as a member of the Board and the Company will need to consider other appropriately qualified persons to serve on its board.

2.3 Recommendation of Directors

Each Director, other than Mr Battershill, recommends that Shareholders vote **IN FAVOUR** of this Resolution. Each Director, other than Mr Battershill, confirms they have no personal interest in the outcome of this Resolution other than in their capacity as a Shareholder or an Associate of a Shareholder.

3. RESOLUTION 3 – RE-ELECTION OF MS KRISTEN PODAGIEL

3.1 Background

Ms Podagiel has a distinguished legal background and over the past 20 years has worked as a commercial lawyer on major projects and developments including those in the mineral resources, technology, agriculture, energy and defence industries.

Ms Podagiel has extensive senior executive-level experience including her prior role as Chief Executive Officer and Managing Partner of McCullough Robertson, a leading Australian independent law firm.

Ms Podagiel is a current director of ADG Capital Pty Ltd, a company involved in a range of engineering disciplines across various industry sectors including mining. She is a founding director of UNIQ You Ltd, a charity supporting women in mining and STEM related areas, and has recently completed her term as the Interim Chief Executive Officer of Women's Legal Service Queensland which provides free legal and social work services to over 5000 women every year.

3.2 Requirement for Shareholder Approval

Listing Rule 14.4 provides that any director who has been appointed throughout the year must not hold office past the next annual general meeting without re-election.

Listing Rule 14.5 also provides that an ASX listed company which has directors must hold an election of directors at each annual general meeting.

Section 201H(3) of the Corporations Act also provides that any director who has been appointed by the other directors as a director of a public company, the company must confirm the appointment by resolution at the company's next AGM.

The Constitution requires that at the annual general meeting, one-third of the Directors shall retire from office, provided that no director except a managing director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself for re-election.

Accordingly, Shareholders are asked to consider and vote upon the election of Ms Kristen Podagiel as a Director of the Company.

If this Resolution is not approved, Ms Podagiel will not be able to serve as a member of the Board and the Company will need to consider other appropriately qualified persons to serve on its board.

3.3 Recommendation of Directors

Each Director, other than Ms Podagiel, recommends that Shareholders vote **IN FAVOUR** of this Resolution. Each Director, other than Mr Podagiel, confirms they have no personal interest in the outcome of this Resolution other than in their capacity as a Shareholder or an Associate of a Shareholder.

4. RESOLUTION 4 – INCREASE OF NON-EXECUTIVE DIRECTOR REMUNERATION CAP

4.1 Requirement for Shareholder Approval

Shareholder approval is sought to increase the limit on aggregate non-executive Director's remuneration in any financial year (**Fee Pool**) by \$250,000, from \$250,000 to \$500,000.

Under clause 14.8 of the Company's constitution and Listing Rule 10.17, the Fee Pool may only be increased with shareholder approval.

If shareholder approval is not obtained, the current Fee Pool will remain at \$250,000.

The Directors are seeking shareholder approval to increase the Fee Pool for the following reasons:

- the number of non-executive-directors is expected to increase in the coming years, as part of the Board's ongoing planning strategy and to ensure that the Board continues to have a balance of skills, knowledge and experience;
- the current Fee Pool is low by market standards and was set in 2007;
- to ensure the Company has the ability to remunerate competitively and attract and retain high calibre non-executive directors; and
- to allow for some growth in non-executive directors' remuneration in the future to reflect market competitiveness for non-executive directors with the skills and experience appropriate for the Company's business.

4.2 Information required by Listing Rule 10.17

For the purpose of Listing Rule 10.17, the following information in relation to the increase of the Fee Pool, the subject of this Resolution is provided.

(a) The Amount of the Increase

\$250,000.

(b) Maximum aggregate amount of directors' fees that may be paid to all of the entity's non-executive directors

\$500,000.

(c) Securities issued to non-executive directors under LR 10.11 and 10.14 in preceding 3 years

The following securities were issued to non-executive directors (including directors who have since resigned) under Listing Rule 10.11 and 10.14 in the last three years:

Date of Issue	Securities	Name of non-executive director
8/12/2020	500,000 fully paid ordinary shares at an issue price of \$0.10 per share as part of participation in May 2020 capital raising.	Mr Keith Perrett
1/08/2019	1,000,000 Options with an exercise price of \$0.10 and expiring on 1 August 2021*	Mr Keith Perrett
1/08/2019	1,000,000 Options with an exercise price of \$0.10 and expiring on 1 August 2021*	Mr Jo Battershill
1/08/2019	1,000,000 Options with an exercise price of \$0.10 and expiring on 1 August 2021*	Mr Peter Langworthy (resigned 25 May 2021).
Total	3,500,000	

* Note these Options were exercised into fully paid ordinary shares on 1 August 2021

4.3 Voting Exclusion Statement

A description of the persons not permitted to vote on this Resolution, and whose votes will be disregarded if cast on this Resolution, is set out in the Notice.

5. RESOLUTION 5 – ISSUE OF OPTIONS TO KEITH PERRETT UNDER EMPLOYEE INCENTIVE PLAN

5.1 Background

On 22 December 2021, the Company announced that it had made an offer of Options (**Incentive Options**) to eligible participants under its Employee Incentive Plan (**Incentive Plan**), as outlined in the Company's Notice of Annual General Meeting, published to ASX on 25 October 2021 and approved by shareholders on 26 November 2021.

In accordance with the terms of the Plan, the Company has offered participants (being employees, directors (excluding the Managing Director) and consultants of the Company) a total of 11,000,000 options.

The Incentive Options form a new class of securities of unquoted options with an exercise price of \$0.30 and an expiry date of 21 December 2024. The Incentive Options may only be exercised by holders if the vesting condition attaching to them have been satisfied. The vesting conditions require eligible participants to remain continuously employed or engaged (as applicable) with the Company for a period of one year from the date on which they are granted to eligible participants in accordance with the Incentive Plan.

The portion of the Incentive Options that are being issued to Directors of the Company are subject to shareholder approval being obtained.

Accordingly, the Board has resolved to issue 1,000,000 Incentive Options under the Company's Incentive Plan to Keith Perrett the Non-Executive Chairman of the Company.

5.2 Requirement for Shareholder Approval

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- a director of the Company;
- an associate of a director of the Company; or

- a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

Shareholder approval is required under Listing Rule 10.14 in order to issue Incentive Options under the Incentive Plan to Keith Perrett as a Director of the Company.

If this Resolution is passed, the Company will be able to proceed with the proposed issue of Incentive Options to Keith Perrett under the Incentive Plan.

If this Resolution is not passed, the Company will not be able to proceed with the proposed issue of Incentive Options under the Incentive Plan and may need to consider other methods (such as cash payments) to remunerate and incentivise Keith Perrett.

Pursuant to Listing Rule 7.2 exception 14, as Shareholder approval is being sought under Listing Rule 10.14 approval under Listing Rule 7.1 is not required.

5.3 Section 208 of the Corporations Act

In accordance with Section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in Sections 210 to 216 of the Corporations Act.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Incentive Options to Keith Perrett as the exception in section 211 of the Corporations Act applies. The Incentive Options are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

5.4 Section 195(4) Directors Restrictions on Voting

As the majority of the Company's Directors have a material personal interest in the issue of Incentive Options, the Company seeks approval under section 195 of the Corporation Act so that the Shareholders may pass a resolution to deal with this matter.

5.5 Information required by Listing Rule 10.15

For the purpose of Listing Rule 10.14 and Listing Rule 10.15, the following information in relation to the Incentive Options the subject of this Resolution is provided.

(a) Parties to whom the securities will be issued

1,000,000 Incentive Options will be issued to Keith Perrett or his nominee.

(b) Relationship of Related Party

Keith Perrett is a Director of the Company and therefore a related party under Listing Rule 10.11.1 and as per Listing Rule 10.14.1.

(c) Number and class of securities to be issued

1,000,000 Incentive Options.

(d) Remuneration Package

Keith Perrett's current total remuneration package is \$100,000.

(e) Details of previous issues under Incentive Plan.

Keith Perrett has not been issued with any Equity Securities under the Incentive Plan which was approved in November 2021.

(f) Details of Securities

The material terms of securities are set out at Annexure B and have an exercise price of \$0.30 and an expiry date of 21 December 2024. The Incentive Options may only be exercised by the Director if the vesting condition attaching to them have been satisfied. The vesting conditions require eligible participants to remain continuously employed or engaged (as applicable) with the Company for a period of one year from the date on which they are granted.

(g) Date of issue

The Company will issue the Incentive Options within three years of the date of the meeting.

(h) Price of securities

Nil. The Incentive Options the subject of this Resolution will be issued in connection with the Incentive Plan.

(i) Maximum number of securities that may be acquired by Director

The Maximum number of securities that may be issued to Keith Perrett under the Incentive Plan in any 12 month period is 1,000,000.

(j) Summary of the material terms of an agreement to which securities were issued

Please see the terms and conditions of the Incentive Plan located at Annexure C.

The Company has chosen to issue the Incentive Options to the Directors for the following reasons:

- (i) The Incentive Options are unquoted and will not have an immediate dilutionary impact on Shareholders;
- (ii) the issue of the Incentive Options are a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of remuneration allows the Company greater flexibility to use its cash reserves to further advance its projects instead of being allocated for executive remuneration; and
- (iii) the issue of Incentive Options is in line with its strategy that the objectives of Eligible Persons are more closely aligned with the interests of the Company and the Shareholders, in addition to attracting, motivating and retaining valuable employees.

The value attributed to the Incentive Options being issued under this Resolution is set out in Annexure D of this Document.

(k) Summary of the material terms of any loan which will be made to the person in relation to the acquisition.

Nil.

(l) Statement in accordance with Listing Rule 10.15.11

- Details of any securities issued under the Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Incentive Plan after the Resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

5.6 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution and whose votes will be disregarded if cast on Resolution, is set out in the Notice.

6. RESOLUTION 6 – ISSUE OF OPTIONS TO JONATHAN BATTERSHILL UNDER EMPLOYEE INCENTIVE PLAN

6.1 Background

See background in section 5.1 of the Explanatory Statement.

The portion of the Incentive Options that are being issued to Directors of the Company are subject to shareholder approval being obtained.

Accordingly, the Board has resolved to issue 1,000,000 Incentive Options under the Company's Incentive Plan to Jonathan Battershill the Non-Executive Director of the Company.

6.2 Requirement for Shareholder Approval

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- a director of the Company;
- an associate of a director of the Company; or
- a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

Shareholder approval is required under Listing Rule 10.14 in order to issue Incentive Options under the Incentive Plan to Jo Battershill as a Director of the Company.

If this Resolution is passed, the Company will be able to proceed with the proposed issue of Incentive Options to Jonathan Battershill under the Incentive Plan.

If this Resolution is not passed, the Company will not be able to proceed with the proposed issue of Incentive Options under the Incentive Plan and may need to consider other methods (such as cash payments) to remunerate and incentivise Jonathan Battershill.

Pursuant to Listing Rule 7.2 exception 14, as Shareholder approval is being sought under Listing Rule 10.14 approval under Listing Rule 7.1 is not required.

6.3 Section 208 of the Corporations Act

In accordance with Section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in Sections 210 to 216 of the Corporations Act.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Incentive Options to Jonathan Battershill as the exception in section 211 of the Corporations Act applies. The Incentive Options are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

6.4 Section 195(4) Directors Restrictions on Voting

As the majority of the Company's Directors have a material personal interest in the issue of Incentive Options, the Company seeks approval under section 195 of the Corporation Act so that the Shareholders may pass a resolution to deal with this matter.

6.5 Information required by Listing Rule 10.15

For the purpose of Listing Rule 10.14 and Listing Rule 10.15, the following information in relation to the Incentive Options the subject of this Resolution is provided.

(a) Parties to whom the securities will be issued

1,000,000 Incentive Options will be issued to Jonathan Battershill or his nominee.

(b) Relationship of Related Party

Jonathan Battershill is a Director of the Company and therefore a related party under Listing Rule 10.11.1 and as per Listing Rule 10.14.1.

(c) Number and class of securities to be issued

1,000,000 Incentive Options.

(d) Remuneration Package

Jonathan Battershill's current total remuneration package is \$75,000.

(e) Details of previous issues under Incentive Plan.

Jonathan Battershill has not been issued with any Equity Securities under the Incentive Plan which was approved in November 2021.

(f) Details of Securities

The material terms of securities are set out at Annexure B and have an exercise price of \$0.30 and an expiry date of 21 December 2024. The Incentive Options may only be exercised by the Director if the vesting condition attaching to them have been satisfied. The vesting conditions require eligible participants to remain continuously employed or engaged (as applicable) with the Company for a period of one year from the date on which they are granted.

(g) Date of issue

The Company will issue the Incentive Options within three years of the date of the meeting.

(h) Price of securities

Nil. The Incentive Options the subject of this Resolution will be issued in connection with the Incentive Plan.

(i) Maximum number of securities that may be acquired by Director

The Maximum number of securities that may be issued to Jonathan Battershill under the Incentive Plan in any 12 month period is 1,000,000.

(j) Summary of the material terms of an agreement to which securities were issued

Please see the terms and conditions of the Incentive Plan located at Annexure C.

The Company has chosen to issue the Incentive Options to the Directors for the following reasons:

- (i) The Incentive Options are unquoted and will not have an immediate dilutionary impact on Shareholders;
- (ii) the issue of the Incentive Options are a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of remuneration allows the Company greater flexibility to use its cash reserves to further advance its projects instead of being allocated for executive remuneration; and
- (iii) the issue of Incentive Options is in line with its strategy that the objectives of Eligible Persons are more closely aligned with the interests of the Company and the Shareholders, in addition to attracting, motivating and retaining valuable employees.

The value attributed to the Incentive Options being issued under this Resolution is set out in Annexure D of this Document.

- (k) *Summary of the material terms of any loan which will be made to the person in relation to the acquisition.*

Nil.

- (l) *Statement in accordance with Listing Rule 10.15.11*

- Details of any securities issued under the Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Incentive Plan after the Resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

6.6 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution and whose votes will be disregarded if cast on Resolution, is set out in the Notice.

7. RESOLUTION 7 – ISSUE OF OPTIONS TO KRISTEN PODAGIEL UNDER EMPLOYEE INCENTIVE PLAN

7.1 Background

See background in section 5.1 of the Explanatory Statement.

The portion of the Incentive Options that are being issued to Directors of the Company are subject to shareholder approval being obtained.

Accordingly, the Board has resolved to issue 1,000,000 Incentive Options under the Company's Incentive Plan to Kristen Podagiel the Non-Executive Director of the Company

7.2 Requirement for Shareholder Approval

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- a director of the Company;
- an associate of a director of the Company; or
- a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

Shareholder approval is required under Listing Rule 10.14 in order to issue Incentive Options under the Incentive Plan to Kristen Podagiel as a Director of the Company.

If this Resolution is passed, the Company will be able to proceed with the proposed issue of Incentive Options to Kristen Podagiel under the Incentive Plan.

If this Resolution is not passed, the Company will not be able to proceed with the proposed issue of Incentive Options under the Incentive Plan and may need to consider other methods (such as cash payments) to remunerate and incentivise Kristen Podagiel.

Pursuant to Listing Rule 7.2 exception 14, as Shareholder approval is being sought under Listing Rule 10.14 approval under Listing Rule 7.1 is not required.

7.3 Section 208 of the Corporations Act

In accordance with Section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in Sections 210 to 216 of the Corporations Act.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Incentive Options to Kristen Podagiel as the exception in section 211 of the Corporations Act applies. The Incentive Options are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

7.4 Section 195(4) Directors Restrictions on Voting

As the majority of the Company's Directors have a material personal interest in the issue of Incentive Options, the Company seeks approval under section 195 of the Corporation Act so that the Shareholders may pass a resolution to deal with this matter.

7.5 Information required by Listing Rule 10.15

For the purpose of Listing Rule 10.14 and Listing Rule 10.15, the following information in relation to the Incentive Options the subject of this Resolution is provided.

(a) Parties to whom the securities will be issued

1,000,000 Incentive Options will be issued to Kristen Podagiel or her nominee.

(b) Relationship of Related Party

Kristen Podagiel is a Director of the Company and therefore a related party under Listing Rule 10.11.1 and as per Listing Rule 10.14.1.

(c) Number and class of securities to be issued

1,000,000 Incentive Options.

(d) Remuneration Package

Kristen Podagiel's current total remuneration package is \$75,000

(e) Details of previous issues under Incentive Plan.

Kristen Podagiel has not been issued with any Equity Securities under the Incentive Plan which was approved in November 2021.

(f) Details of Securities

The material terms of securities are set out at Annexure B and have an exercise price of \$0.30 and an expiry date of 21 December 2024. The Incentive Options may only be exercised by the Director if the vesting condition attaching to them have been satisfied. The vesting conditions require eligible participants to remain continuously employed or engaged (as applicable) with the Company for a period of one year from the date on which they are granted.

(g) Date of issue

The Company will issue the Incentive Options within three years of the date of the meeting.

(h) Price of securities

Nil. The Incentive Options the subject of this Resolution will be issued in connection with the Incentive Plan.

(i) Maximum number of securities that may be acquired by Director

The Maximum number of securities that may be issued to Kristen Podagiel under the Incentive Plan in any 12 month period is 1,000,000.

(j) Summary of the material terms of an agreement to which securities were issued

Please see the terms and conditions of the Incentive Plan located at Annexure C.

The Company has chosen to issue the Incentive Options to the Directors for the following reasons:

- (i) the Incentive Options are unquoted and will not have an immediate dilutionary impact on Shareholders;
- (ii) the issue of the Incentive Options are a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of remuneration allows the Company greater flexibility to use its cash reserves to further advance its projects instead of being allocated for executive remuneration; and
- (iii) the issue of Incentive Options is in line with its strategy that the objectives of Eligible Persons are more closely aligned with the interests of the Company and the Shareholders, in addition to attracting, motivating and retaining valuable employees.

The value attributed to the Incentive Options being issued under this Resolution is set out in Annexure D of this Document.

(k) Summary of the material terms of any loan which will be made to the person in relation to the acquisition.

Nil.

(l) Statement in accordance with Listing Rule 10.15.11

- Details of any securities issued under the Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Incentive Plan after the Resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

7.6 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution and whose votes will be disregarded if cast on Resolution, is set out in the Notice.

8. RESOLUTION 8 – APPROVAL FOR ISSUE OF SHARES TO RELATED PARTY FOR SIHA ACQUISITION

8.1 Background

On 3 May 2016, the Company entered into the Share Sale and Purchase Deed which effectuated the purchase of Bowdens Silver (**Acquisition**).

Pursuant to the Share Sale and Purchase Deed, the Company is required to, among other things:

- issue the Tranche 1 Deferred Consideration Shares 5 Business Days after the date of submission of the EIS for the Bowdens Silver Project to the Department (**EIS Milestone**) (issued in December 2020); and
- issue the Tranche 2 Deferred Consideration Shares 5 Business Days after the date that the Company is granted a Mining Lease by the Department (**Mining Lease Milestone**).

It is also a term of the Share Sale and Purchase Deed that all outstanding Tranche 1 Deferred Consideration Shares and Tranche 2 Deferred Consideration Shares would be immediately issued upon a Change of Control occurring in respect of the Company (**Takeover Condition**).

Tranche 2 Deferred Consideration Shares

In accordance with the provisions of the Share Sale and Purchase Deed, a non-related party and Related Party of the Company are to be issued with the Tranche 2 Deferred Consideration Shares in equal portions, being:

- 10,000,000 Shares (**Non-Related Party Shares**); and
- 10,000,000 Shares (**Related Party Shares**),

upon achievement of the Mining Lease Milestone.

As at the date of this Notice, the Company has not achieved the Mining Lease Milestone.

In accordance with the waiver outlined below in this Resolution, the Company seeks shareholder approval for the future issue of the Related Party Shares to Anthony McClure.

Waiver for future issue of Related Party Shares

On 23 September 2022, the Company was granted a waiver by ASX Listing Compliance in respect of Listing Rule 10.13.5 in relation to the Related Party Shares (**Waiver**).

In accordance with the Waiver, the Company is permitted, subject to obtaining shareholder approval which is sought in this Resolution, to issue the Related Party Shares to Anthony McClure 5 Business Days after either the Mining Lease Milestone is achieved or the Takeover Condition occurs.

The Mining Lease Milestone if achieved or if the Takeover Condition occurs, will take place outside the one-month period required by Listing Rule 10.13.5. The Waiver in respect of the Related Party Shares has been granted by the ASX for a period of up to 24 months from the date of shareholder approval being obtained in connection with the issue of the Related Party Shares.

The Company sets out the below a capital structure table (Table) confirming changes to its issued capital upon issuance of the Related Party Shares on an undiluted and diluted basis.

Silver Mines Limited – Capital Table	
Current shares on issue	1,291,832,143
Related Party Shares (Resolution 9) issued 5 Business Days after the Mining Lease Milestone is achieved or the Takeover Condition must occur within the date that is 24 months after the date that shareholder approval is obtained.	10,000,000
Non-Related Party Shares issued 5 Business Days after the Mining Lease Milestone is achieved or the Takeover Condition occurs.	10,000,000
Shares on issue post SVL Shares being issued (Undiluted)	1,311,832,143
Unlisted Options on Issue	14,000,000
Subject to shareholder approval, shares to be issued pursuant to Resolutions 7,8 and 9.	3,000,000
Diluted	1,328,832,143

In summary, this Resolution therefore proposes the approval by Shareholders, under Listing Rule 10.11, of the issue of Related Party Shares to Anthony McClure or his nominee.

8.2 Requirement for Shareholder Approval

Listing Rule 10.11 requires that unless an exception applies, an entity must not without the prior approval of its shareholders, issue or agree to issue Equity Securities to:

- (a) a Related Party of the entity; or
- (b) a person whose relationship with the entity or a Related Party is, in ASX's opinion, such that approval of shareholders should be obtained.

Anthony McClure is a Related Party of the Company by virtue of being a Director.

8.3 Information required by Listing Rule 10.13

For the purpose of Listing Rule 10.13, the following information in relation to the Shares the subject of this Resolution is provided:

(a) *Parties to whom the securities will be issued*
Anthony McClure or his nominee

(b) *Maximum number of securities to be issued*

10,000,000 Shares

(c) *Date of issue*

In accordance with the Waiver obtained from the ASX, in relation to the Related Party Shares, the Company intends to issue the Related Party Shares the subject of this Resolution outside of the one month period required by Listing Rule 10.13.5 but no later than 5 Business Days after either:

- (a) the Mining Lease Milestone is achieved; or
- (b) the Takeover Condition occurs.

The Waiver is valid for a period of up to 24 months from the date that shareholder approval is granted.

Please see the Table in section 8.1 for the changes to the capital structure of the Company that will result from the future issue of the Related Party Shares.

(d) Relationship of Related Party

Anthony McClure is Related Party of the Company by virtue of being a Director.

(e) Issue price

The Shares will be issued at a deemed issue price of \$0.10 each, however, the Company will not receive any funds from Anthony McClure as the Related Party Shares are being issued as part payment of the Tranche 2 Deferred Consideration pursuant to the Share Sale and Purchase Deed.

(f) Terms of issue

The Related Party Shares will be fully paid ordinary shares in the issued capital of the Company.

(g) Use of funds and purpose of issue

The Related Party Shares are being issued as deferred consideration under the Share Sale and Purchase Deed as part payment of the Tranche 2 Deferred Consideration, as such, no funds will be raised from this issue under this Resolution.

(h) Material Terms of an agreement to which securities were issued and conditions of the Waiver

Material terms of agreement

On 3 May 2016, the Company entered into a Share Sale and Purchase Deed to complete the Acquisition.

In consideration for the Acquisition, the Company agreed to the following:

- payment of the Initial Cash Consideration and the Deposit (paid);
- issue of the:
 - Initial Consideration Shares and Royalty (paid);
 - Tranche 1 Deferred Consideration Shares (paid); and
 - Tranche 2 Deferred Consideration Shares.

Conditions of the Waiver

- The Related Party Shares must be issued no later than 5 Business Days after either:
 - (a) the Mining Lease Milestone is achieved; or
 - (b) the Takeover Condition occurs.
- The Waiver given by the ASX in connection with the Related Party Shares is 24 months from the date of shareholder approval.
- The Mining Lease Milestone and the Takeover Condition must not be varied.
- The maximum Related Party Shares to be issued in connection with the Waiver is 10,000,000.
- The dilutionary effect of the issue of the Related Party Shares to be disclosed in the Notice (please see the Table in section 8.1 above).
- For any annual reporting period during which any of the Related Party Shares have been issued or any of them remain to be issued, the Company's annual report sets out in detail the number of Related Party Shares that remain to be issued and the basis on which the Related Party Shares may be issued.

- For any half year or quarterly reporting period during which any of the Related Party Shares have been issued or any of them remain to be issued, the Company's must include a summary statement of the number of Related Party Shares issued during the reporting period, the number of Related Party Shares that remain to be issued and the basis on which the Related Party Shares may be issued.
- The Notice must contain the full terms and conditions of the Related Party Shares as well as the above-mentioned conditions of the Waiver (as set out in this section 8.3(h)).

8.4 Voting Exclusion Statement

A description of the persons not permitted to vote on this Resolution and whose votes will be disregarded if cast on this Resolution, is set out in the Notice.

8.5 Recommendation of Directors

Each Director, other than Anthony McClure, recommends that Shareholders vote **IN FAVOUR** of this Resolution.

Each Director, other than Anthony McClure, confirm that they:

- have no personal interest in the outcome of this Resolution other than in their capacity as a Shareholder or an Associate of a Shareholder; and
- will vote, and/or procure that any Shareholder that is an Associate of that Director votes, all its Shares in favour of this Resolution.

ENQUIRIES

Shareholders are advised to contact Trent Franklin, the Company Secretary, on 02 8316 3997 if they have any queries in respect of the matters set out in this Document.

GLOSSARY

For the purposes of this Document, the following terms have the meanings prescribed below:

\$	Australian dollars.
AEDT	Australian Eastern Daylight Time.
Annual General Meeting	means the annual general meeting of Shareholders convened by the Company pursuant to the Corporations Act.
Associate	has the meaning given in Listing Rule 19.12
ASX	ASX Limited ACN 008 624 691 or the securities exchange market operated by it, as the context requires.
Authorised Nominee	means a person or entity who or that has been nominated by an Eligible Person to be issued with and hold any Security offered or issued under, or otherwise contemplated by, the Plan including the Rules.
Board	the board of directors of the Company as constituted from time to time.
Bowdens, Bowdens Silver or Bowdens Silver Project	The Bowdens Silver Project, located in Lue, New South Wales.
Business Day	a day which is not a Saturday, Sunday, a bank holiday or a public holiday in Sydney, and any other day that ASX declares is not a business day.
Chair	the person chairing the Meeting.
Company or Silver Mines	Silver Mines Limited ACN 107 452 942.
Constitution	means the constitution adopted by the Company in 2006.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Deposit	means \$200,000.
Director	a director of the Company as at the date of this Document.
Document	this document entitled “Notice of Annual Meeting”, including any annexures or schedules to or of this document.
Eligible Person or Eligible Persons	means employees, contractors, consultants, Directors (excluding the Managing Director, Anthony McClure), officer or other person or entity selected by the Plan Committee to be made an offer to participate in the Plan.
Equity Security or Securities	has the meaning given to that term in chapter 19 of the Listing Rules.
Explanatory Statement	the section entitled “Explanatory Statement” of this Document, forming part of the Notice.
Initial Cash Consideration	Means \$1.00.

Initial Consideration Shares	means in accordance with the provisions of the Share Sale and Purchase Deed, 4,000,000,000 Shares (40,000,000 shares on a post consolidated basis which occurred in 2016).
Incentive Scheme or Plan	has the meaning referred to in Clause 4.1 in the Explanatory Statement and is to be issued on the terms and condition set out in Annexure B to this Document.
Key Management Personnel	has the meaning given to that term in section 9 of the Corporations Act.
Letter of Offer	means a letter of offer from the Company or Plan Committee acting on behalf of the Company, to an Eligible Person or their Authorised Nominee.
Listing Rules	the listing rules of the ASX as amended from time to time.
Meeting	the Annual General Meeting of the Company convened pursuant to in the Notice.
Notice or Notice of Meeting	the notice convening this Meeting as set out in this Document.
Option	the right of the holder of an option to acquire a Share, in accordance with the terms and conditions of that option.
Ordinary Resolution	a resolution of Shareholders that is approved by a simple majority of the votes cast by Shareholders present at the Meeting (whether in person or by proxy) and entitled to vote on that resolution.
Participant	means, as is applicable in the context of these Rules the Eligible Person or their Authorised Nominee who or that holds a Security offered or issued under, or otherwise contemplated by, the Letter of Offer and the Plan, including the Rules.
Performance Right	confer an entitlement to be issued one Share subject to the satisfaction of any performance criteria on the terms set out in the Incentive Plan
Plan Committee	means the Plan Committee or any other committee of the Board to which power to administer the Plan has been delegated by the Board or if and to the extent that there has been no or insufficient delegation, the Board.
Proxy Form	the 'Appointment of Proxy' form mailed out to all Shareholders. A blank proxy form is attached to this Document.
Related Party	has the meaning given to that term in Listing Rule 19.12.
Resolution	a resolution set out in the Notice.
Restricted Securities	has the meaning given to that term in chapter 19 of the Listing Rules.
Royalty	Means the grant of a 1% gross revenue royalty interest in SIHA's 85% interest in Bowdens Silver and other regional licences.
Rules	means the provisions of the Incentive Plan, including any schedule or annexure to it, as varied from time to time.

Security	means for the purposes of the Incentive Plan any of: (a) an Option; (b) a Share; or (c) a Performance Right, and each of the foregoing will be regards for the purposes of the administration of the Plan as a separate class of Security.
Share	a fully paid ordinary share in the issued share capital of the Company.
Shareholder	a person recorded on the register of members maintained by the Company pursuant to sections 168 and 169 of the Corporations Act as a holder of one or more Shares.
Share Registry	Automic Pty Ltd
Share Sale and Purchase Deed	means the deed entered into between SIHA, the Company and Enable Underwriting Pty Ltd ACN 610 250 425 on 3 May 2016 (Commencement Date) for the acquisition of the 85% interest in Bowdens Silver and other regional licenses on the Commencement Date.
SIHA	Silver Investment Holdings Australia Pty Ltd ACN 610 909 807.
Sophisticated Investor	a person to whom an offer of the Company's Equity Securities may be made without disclosure in reliance on section 708(8) or section 708(11) of the Corporations Act and that is not already a Related Party of the Company.
Special Resolution	a resolution of Shareholders that is approved by a majority of no less than seventy five per cent (75%) of the votes cast by Shareholders present at the Meeting (whether in person or by proxy) and entitled to vote on that resolution.
Vesting Date	means the date on which an Option or Performance Right is exercisable or converts in accordance with the Plan or is no longer subject to forfeiture following satisfaction of any and all applicable Vesting Conditions.
Vesting Conditions	means the vesting of any Security held by a Participant is subject to the Participant being at all times between the date of issue and the Vesting Date an Eligible Person. The Plan Committee may impose other conditions in the Letter of Offer in its absolute discretion.
Tranche 1 Deferred Consideration Shares	means in accordance with the provisions of the Share Sale and Purchase Deed, 20,000,000 Shares.
Tranche 2 Deferred Consideration Shares	means in accordance with the provisions of the Share Sale and Purchase Deed, 20,000,000 Shares.
Trading Day	has the meaning given in Listing Rule 19.12.

INTERPRETATION

In this Notice, headings are for convenience only and do not affect interpretation and except where the context otherwise requires:

- (a) the singular includes the plural and vice versa and a gender includes other genders;
- (b) other grammatical forms of a defined word or expression have a corresponding meaning;
- (c) a reference to a section, paragraph, schedule or annexure is to a section or paragraph of or schedule or annexure to this Notice and a reference to this Notice includes any schedule and annexure;
- (d) a reference to a document or agreement includes the document or agreement as novated, altered, supplemented or replaced from time to time;
- (e) a reference to A\$, \$A, dollar or \$ is to Australian currency;
- (f) a reference to a year (other than a financial year) or a month means a calendar year or calendar month respectively;
- (g) a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (h) a reference to a person includes a natural person, partnership, firm, body corporate, trust, joint venture, association, governmental or local authority or agency or other entity;
- (i) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (j) any authorities, associations, bodies and entities, whether statutory or otherwise, will, in the event of such authority, association, body or entity ceasing to exist or being reconstituted, replaced or the powers or functions thereof being transferred to or taken over by any other authority, association, body or entity, be deemed to refer respectively to the authority, association, body or entity established, constituted or substituted in lieu thereof which exercises substantially the same powers or functions; and
- (k) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions.

ANNEXURE A – PROXY FORM – SILVER MINES LIMITED



Silver Mines Limited | ACN 107 452 942

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Your proxy voting instruction must be received by **10.30am (AEDT) on Monday, 7 November 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at
<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

ANNEXURE B – TERMS AND CONDITIONS OF INCENTIVE OPTIONS

(a) **Entitlement**

Each Option gives the Option holder the right to subscribe for one (1) Share. To obtain the right given by each Option, the Option holder must exercise the Incentive Options in accordance with the terms and conditions of the Incentive Options.

(b) **Exercise Price**

Subject to any variation in share capital, the amount payable upon exercise of each Option will be \$0.30 per Option.

(c) **Expiry Date**

The Incentive Options will, except to the extent that they are exercised earlier, expire on 21 December 2024 (**Option Expiry Date**). Any Option not exercised before the Option Expiry Date will automatically lapse on its Option Expiry Date.

(d) **Notice of Exercise**

The Incentive Options may be exercised during the Exercise Period by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(e) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(f) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Incentive Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (**Cleansing Notice**), or if the Company is unable to issue such a Cleansing Notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act, to ensure that an offer for sale of a Share issued pursuant to the exercise of a New Option does not require disclosure to investors; and
- (iii) if admitted to the Official List at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the Incentive Options.

If a Cleansing Notice delivered under sub-paragraph (e)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will, no later than 20 Business Days after first becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of those Shares does not require disclosure to investors.

(g) **Shares issued under exercise**

Shares issued upon exercise of the Incentive Options will rank equally in all respects with the then issued Shares.

(h) Quotations of Shares issued on exercise

If admitted to the Official List at the time, the Company will apply to ASX for Quotation of the Shares issued upon the exercise of the Incentive Options.

(i) Variation of Share Capital

If at any time the issued capital of the Company is reconstructed, the number of Incentive Options and their Exercise Price shall be adjusted in such a manner as is required under the ASX Listing Rules and as the auditors for the time being of the Company advise the Directors in writing to be, in their opinion, fair and reasonable.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Incentive Options and holders of the Incentive Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Incentive Options, without first exercising those Incentive Options.

(k) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option may be exercised.

(l) Unquoted

The Company will not apply for quotation of the Incentive Options on ASX.

(m) Transferability

The Incentive Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws

ANNEXURE C – TERMS AND CONDITIONS OF INCENTIVE PLAN

A summary of the key terms of the Silver Mines Limited Incentive Plan (Plan) is set out below:

1. Principle conditions

No Security may be offered or issued to a person under the Plan unless that person is at the time of the offer and the issue:

- (a) An Eligible Person; or
- (b) An Authorised Nominee; or

the Plan Committee determines otherwise.

2. Eligibility

Means an Eligible Person or their Authorised Nominee.

An Authorised Nominee means a person or entity who or that:

- (a) has been nominated by an Eligible Person to be issued with and hold any Security offered or issued under, or otherwise contemplated by, the Plan; and
- (b) is controlled by that Eligible Person at all times whilst that person or entity holds any such Security.

3. Purpose

The purpose of the Plan is to:

- (a) provide Eligible Persons with an opportunity to share in the growth in value of the Securities;
- (b) encourage Eligible Persons to improve the performance of the Group and its return to Shareholders and holders of other Securities; and
- (c) enable the Group to retain and attract skilled and experienced Directors, officers, employees and contractors and provide them with the motivation to enhance the success of the Group.

4. Administration

The Plan is administered by the Plan Committee. The Plan Committee has full powers of amendment, interpretation, termination, delegation with respect to the Plan, in accordance with the Rules.

No amendment of the provisions of the Rules may reduce the accrued or vested rights of any participant, unless the amendment is to comply with legal requirements, to correct error, to enable contributions paid by the Company under the Plan to be tax deductible or reduce fringe benefits tax, or for the purpose of enabling favourable tax treatment of participants.

5. Issue of securities

The Plan Committee may from time to time determine that the Company will offer Securities to an Eligible Person or to an Authorised Nominee. The Board or the Plan Committee must give to each Eligible Person or Authorised Nominee, a Letter of Offer and an application form to complete, sign and return to the Company, that includes the following information:

- (a) either:
 - (i) the number of Securities to which the invitation relates; or
 - (ii) the basis on which the number of Securities to which the invitation relates is to be determined;
- (b) in respect of each offered Security that is an Option:
 - (i) the proposed date of issue of that Option;
 - (ii) the exercise price of that Option; and
 - (iii) either:

- A. the Vesting Date and the expiry date in respect of that Option; or
 - B. the basis on which the Vesting Date and the expiry date of that Option are to be determined
- (c) in respect of each offered Security that is a Performance Right:
- (i) the proposed date of issue of that Performance Right; and
 - (ii) either:
 - A. the Vesting Date in respect of the Performance Right; or
 - B. the basis on which the Vesting Date and the expiry date of that Performance Right is to be determined;
- (d) which, if any, Buyback Event will apply to each offered Security;
- (e) whether a holding lock will apply to any Security issued upon the exercise of an Option or the conversion of a Performance Right, and if so:
- (i) whether during such holding lock the relevant Eligible Person or his or her Authorised Nominee will be able to dispose of a percentage of the Shares, in one or more tranches; and
 - (ii) the period for which that holding lock will apply; and
- (f) any other terms and conditions (including performance conditions where applicable) relating to the grant, exercise of any right of the Participant or the Company attaching to, or the issue of, a Security that, in the opinion of the Plan Committee, are fair and reasonable but not inconsistent with these rules

6. Limit on Number of Securities

The number of Securities is as determined by the Plan Committee, in its absolute discretion. The Company must not offer to issue, or issue, any security that is a Share or capable of being converted into a Share if, at the time of the offer, the sum of the number of Shares in the same class:

- (a) that would be issued if all outstanding offers, invitations, Options and Performance Rights granted or issued under the Plan and any other employee share plan of any member of the Group were exercised or converted; and
- (b) issued under the Plan or issued under any other employee share and option plan of any member of any member of the Group during the period of three (3) years prior to the date of the Offer, exceeds five per cent (5%) of the total number of issued Shares in that class.

7. Exercise Price

The exercise price payable upon the exercise of an Option will be such price as is selected by the Board or the Plan Committee. The exercise price must be denominated in Australian dollars, and is payable at the time and in the manner determined by the Plan Committee.

8. Becoming a Participant

On the issue of a Security to an Eligible Person or Authorised Nominee or a legal representative of an Eligible Person or Authorised Nominee, that person becomes a Participant and is bound by the Plan.

9. Certificates

The Company may give a Participant one or more certificates stating, to the extent applicable, the number of Securities issued, the date of grant, the vesting date, the Vesting Conditions, the exercise price, the expiry date, the term of the holding lock (if any), the escrow arrangements (if any), and any other specific terms and conditions applicable.

10. Consideration for Security

The Consideration for a Security comprises the services that expected to be provided by the Eligible Person for the benefit of the Group. Unless otherwise stated, no further monetary or valuable consideration will be payable.

11. Entitlement to underlying Shares

Each Option confers on its holder the entitlement to subscribe for and be issued one fully paid Share at the relevant Exercise Price. Each Performance Right confers on its holder the entitlement to be issued one fully paid ordinary Share for no consideration.

12. No Quotation of Options and Performance Rights

The Company will not apply for the Official Quotation of any Options or Performance Rights.

13. Interest in Shares

A Participant has no interest in a Share the subject of an Option or of a Performance Right, unless and until the Share is issued to that Participant.

14. Vesting Conditions

The vesting of any Option or any Performance Right held by the Participant is subject to the following conditions being satisfied or waived at the discretion of the Plan Committee:

- (a) the Participant must have been, at all times, between and including both the date of grant of an Option or of a Performance Right, and the applicable Vesting Date, either an Eligible Person, an Authorised Nominee or a Legal Personal Representative of one of these people; and
- (b) any other conditions imposed in the Letter of Offer by the Plan Committee.

15. Vesting brought forward

If any Accelerated Vesting Event occurs while a Participant is employed by any member of the Group and before the Vesting Date, all Options or Performance Rights held by that Participant and that had not vested prior to the Accelerated Vesting Event, will immediately vest.

An **Accelerated Vesting Event** is either where an offer is made by a person to acquire all of the Shares that are not owned by the offeror, and after the announcement of that offer, the offeror acquires control of the company; or where a takeover bid or scheme of arrangement is recommended by the Board.

16. Lapsing of Option or Performance Right

An Option will lapse on the commencement of the day immediately after the expiry date.

An Option or Performance Right will also lapse upon either a Participant, or any Eligible Person who nominated that Participant, ceasing to be an employee or a Director, or a Buyback Event occurring in respect of the Participant. This is unless a special circumstance occurs (where a Participant suffers total and permanent disablement or death, is made redundant, or any other circumstances determined at the discretion of the Plan Committee) in relation to that Participant before the Vesting Date.

17. Non-Vesting or Non-Exercise of Options and Performance Rights

If the Vesting Conditions applicable to Options or Performance Rights have not been satisfied before 5 p.m. on the Vesting Date then each of the Options and Performance Rights will be cancelled and of no further force or effect.

18. Exercise of Options and Quotation of Shares

An Option which has not lapsed may be exercised by the Participant giving the Company a signed notice of exercise, the certificate of the Option and payment to the Company of an amount equal to the product of the number of Options being exercised and the exercise price in respect of those Options.

Within 15 Business Days after the notice of exercise, the Company must issue the number of Shares specified, cancel each certificate for the Options, and if applicable issue a new certificate for each of the number of Shares issued and any remaining Options that are the subject of the certificate.

A Participant may only exercise Options in multiples of 1,000 or another multiple the Plan Committee determines, unless the Participant exercise all Options they hold. The Company must apply for Official Quotation of the Shares issued at exercise of the Option. Every Share issued on exercise will rank pari passu in all respects with all other Shares previously issued.

19. Issue and Conversion of Performance Rights

Upon a Participant accepting any offer of Performance Rights as set out and in accordance with a Letter of Offer, the Company will grant, for no consideration, that Participant the number of Performance Rights as set out in the Letter of Offer.

Performance Rights will vest on satisfaction of the Vesting Conditions. Each Performance Right will be converted into one share once vested.

20. Dealings with Securities

A Security held by a Participant may not be exercised by any other person. This is unless a Security which has vested is transferred in one of the following ways:

- (a) a transfer following acceptance of an offer made under off-market bid relating to that Security;
- (b) a transfer to a bidder on the sale of the Securities under Division 3 of Part 6A.1 of the Corporations Act;
- (c) a transfer to a 100% holder (as that term is defined in section 665A(1) of the Corporations Act) on the sale of the Securities under Division 2 of Part 6A.2 of the Corporations Act;
- (d) a transfer under Part 6A.3 of the Corporations Act to a person entitled to acquire the Securities under section 661A or section 664A of the Corporations Act;
- (e) a transfer under a creditors' scheme of arrangement relating to the Securities under section 411 of the Corporations Act; or
- (f) a transfer approved by the Plan Committee in circumstances as may be determined by the Plan Committee in its absolute discretion.

21. Buyback Event

Upon the occurrence of a Buyback Event specified in the provision of the applicable Letter of Offer, the Participant must dispose of the Securities as directed by the Company or Plan Committee and otherwise in accordance with the provision of that Letter of Offer.

A **Buyback Event** will mean the occurrence of many different events as specified in the Rules which will include but is not limited to the Holder experiencing an insolvency related event, termination of employment of a Participant by any member of the Group or a takeover bid of the Company by a person that is recommended by the Board.

22. Holding Lock

The Plan Committee may, when making an offer of Securities to an Eligible Person, specify that a holding lock will be applied to the Shares issued as a result of the exercise of any of those Securities. Upon acceptance of an Offer the relevant Eligible Person will be deemed to have agreed to the provisions of a holding lock.

For the duration of the holding lock period all Shares issued under the Plan will not be capable of being disposed of unless the Plan Committee specifies otherwise in the Letter of Offer. The Participant who holds those Shares may not create any security interest in respect of those shares (unless in favour of the Company or agreed to by the Plan Committee) during the holding lock period.

23. New Issues

A Participant is only entitled to participate (in respect of an Option or Performance Right granted under the Plan) in a new issue of Shares to existing Shareholders generally if:

- (a) the Participant has validly exercised his or her Options within the relevant exercise period or the Performance Right has been converted; and
- (b) become a Shareholder,

prior to the relevant record date for that new issue.

24. Reconstructions

If prior to exercise of an Option or conversion of a Performance Right there is a reconstruction of the issued capital of the Company, then the Option or Performance Right will be reconstructed in a manner consistent with the Listing Rules or as determined by the Board.

25. Rights of Participants

The Rules do not confer any rights that affect the employment contract of an Employee and may not be used to increase damages in an action in respect of termination. Participants will not have any right to attend or vote at meetings of Shareholders.

ANNEXURE D – VALUATION OF INCENTIVE OPTIONS

The Incentive Options to be issued to the Directors comprising Keith Perrett, Jo Battershill and Kristen Podagiel pursuant to Resolutions 5-7 have been valued internally by the Company using the Black Scholes option valuation methodology.

Using the Black Scholes option model and based on the assumptions set out below, the Incentive Options were ascribed the following values:

Item	Option Class 1
Vesting conditions	Director must remain continuously employed or engaged (as applicable) with the Company for a period of one year from the date on which they are granted.
Expiry Condition	21 December 2024
Expiry date	21 December 2024
Stock Price	\$0.175
Exercise price	\$0.300
Volatility	57.53%
Value per Option	\$0.0344

Director	Number	Valuation
Keith Perrett	1,000,000	\$34,398.00
Jo Battershill	1,000,000	\$34,398.00
Kristen Podagiel	1,000,000	\$34,398.00

CORPORATE DIRECTORY

Board of Directors

Keith Perrett, Non-Executive Chairman
Anthony McClure, Managing Director
Jonathan Battershill, Non-Executive Director
Kristen Podagiel, Non-Executive Director

Company Secretary

Trent Franklin

Registered Office

Level 28, 88 Phillip Street
Sydney NSW 2000
Australia

Company Website

www.silvermines.com.au

Share Registry

Automic Registry Services Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000
Australia

Phone: 1300 288 664
International: +61 2 9698 5414