



2017

SHARE PURCHASE PLAN

8 March 2017

SHARE PURCHASE PLAN

Silver Mines Limited (**Silver Mines** or **the Company**) is pleased to announce a Share Purchase Plan (**SPP**) to be offered to all Eligible Shareholders on the terms and conditions set out in this booklet.

HIGHLIGHTS:

- Silver Mines to raise up to A\$3 million via a share purchase plan.
- Eligible Shareholders may purchase up to \$15,000 worth of New Shares, without incurring brokerage or transaction costs.
- Eligible Shareholders may purchase New Shares in parcels of A\$5,000, A\$10,000 or A\$15,000.
- Issue price of \$0.165 per New Share.
- SPP Offer is fully underwritten to the amount of A\$2,000,000.

KEY DATES

Record Date	7:00pm, 3 March 2017
Announcement of SPP	8 March 2017
SPP Opening Date	8 March 2017
SPP Closing Date	5:00pm, 29 March 2017
Opening of Shortfall Offer	30 March 2017
Closure of Shortfall Offer	6 April 2017
Issue of New Shares	7 April 2017
New Shares commence trading on ASX	10 April 2017
Dispatch of SPP Shareholding Statements	10 April 2017

This timetable is indicative only and the Company may, at its discretion, vary any of the above dates by sending a revised timetable to the ASX. All times are AEDT.

OFFER DETAILS:

The maximum application amount per shareholder is \$15,000. The following table sets out the amounts which Eligible Shareholders may apply for under the SPP.

Application amount	Number of New Shares
\$5,000	30,304
\$10,000	60,607
\$15,000	90,910

NOTICE AND DISCLAIMER:

You should read this booklet in full.

This booklet contains important information. You should read this booklet in full and seek advice from your stockbroker, accountant or other professional adviser if you have any questions about your investment in Silver Mines or about the impact of the transactions described in this booklet. This booklet does not provide financial advice and has been prepared without taking into account your particular objectives, financial situation or needs. You should consider the appropriateness of taking part in this SPP having regard to your investment objectives, financial situation and needs.

If you have any questions in relation to how to participate in the SPP after reading this Booklet, please contact the Company between 8:30am to 5:00pm (AEDT) Monday to Friday on +61 2 8316 3997.

Participation in the SPP is only open to holders of fully paid ordinary shares in Silver Mines at 7:00 pm (AEDT) on Friday, 3 March 2017, and who are resident in Australia or New Zealand, provided that such Shareholders are not in the United States or acting for the account or benefit of a person in the United States. The SPP is also being extended to Eligible Shareholders of Silver Mines who are Custodians, to participate in the SPP on behalf of certain Eligible Beneficiaries, in accordance with the Terms and Conditions.

New Zealand:

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of Silver Mines as at the Record Date with registered addresses in New Zealand, to whom the SPP Offer is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Booklet has not been registered, filed with or approved by any New Zealand regulatory authority. This Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all of the information that a product disclosure statement under New Zealand law is required to contain.

Not for distribution or release in the United States:

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer, invitation or recommendation to subscribe for, or purchase any, security or financial product and neither this announcement nor anything attached to this announcement shall form the basis of any contract or commitment. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Any securities described in this announcement have not been, and will not be, registered under the U.S Securities Act of 1933, as amended (the "U.S Securities Act") or the securities laws of any state or jurisdiction of the United States. Accordingly, the securities may not be offered or sold, directly or indirectly, in the United States unless they have been registered under the U.S Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration of the U.S Securities Act and any other applicable United States securities laws.

DETAILS OF THE SPP AND KEY INFORMATION:

You should read this section in conjunction with the attached Terms and Conditions.

1. What is the share purchase plan or SPP?

The SPP is an opportunity for Eligible Shareholders to purchase additional shares in the Company without incurring brokerage, commission or other transaction costs. Eligible Shareholders may subscribe for up to \$15,000 worth of New Shares in parcels of \$5,000, \$10,000 or \$15,000, and must be for a minimum of \$5,000 and a maximum of \$15,000. Applications may be scaled back at the absolute discretion of Silver Mines.

Funds raised under the SPP will be allocated to the continued Feasibility Study, Environmental Impact Statement and exploration works at Bowdens Silver and general working capital purposes.

2. Do I have to participate in the SPP?

No, participation in the SPP is entirely voluntary. Silver Mines recommends you seek independent financial advice from your stockbroker, accountant or other professional adviser, prior to deciding whether to take part in the SPP.

If you do not wish to participate in the SPP, do nothing.

3. What is the Issue Price of the New Shares?

The Issue Price of the New Shares will be \$0.165 per New Share, which is the same issue price as the December Placement, and is at a discount to the five day VWAP of Silver Mines Shares prior to the Record Date.

There is a risk that the market price of Shares may rise or fall between the date of this Booklet and the time of issue of New Shares under the SPP. This means that the price you pay for the New Shares issued to you (or their value) may be less than or more than the market price of Shares at the date of this booklet or the time of issue.

By applying to purchase New Shares under the SPP, you will agree to be bound by the Terms and Conditions. Your application is unconditional and may not be withdrawn even if the market price of Shares is less than the Issue Price.

4. Who is eligible to participate in the SPP?

You will be eligible to participate in the SPP if you are a Shareholder who:

- (a) was a registered holder of Shares in Silver Mines at 7:00 pm (AEDT) on Friday, 3 March 2017 with a registered address in either Australia or New Zealand; and
- (b) has not been issued more than \$15,000 worth of Shares in the previous 12 months; and
- (c) is not in the United States, or acting for the account or benefit of a person in the United States.

The SPP Offer is also being extended to Eligible Shareholders who are Custodians, to participate in the SPP on behalf of Eligible Beneficiaries on the Terms and Conditions provided in this booklet.

5. Can my offer under the SPP be transferred to a third party?

No. An Eligible Shareholder cannot transfer its offer under the SPP.

6. How much can I invest under the SPP?

Eligible Shareholders may apply for New Shares in parcels of \$5,000, \$10,000 or \$15,000. You may only apply for one of these parcels. The number of New Shares issued to an applicant will be rounded up to the nearest whole number after dividing the application monies by the Issue Price. Applications may be scaled back at the absolute discretion of Silver Mines.

7. How do I apply for New Shares?

If you wish to participate in the SPP, you need to complete the Application Form, and arrange payment by doing one of the following:

Option 1: Pay via BPAY®

To pay via BPAY you will need to:

- a) use the personalised reference number which is required to identify your shareholding, which is shown on your personalised Application Form attached to this booklet; or
- b) be an account holder with an Australian financial institution and ensure that your payment for the appropriate amount that supports BPAY transactions is received by the Share Registry before 5:00pm (AEDT) on 29 March 2017. Financial Institutions may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

If you are paying via BPAY, there is no need to return the Application Form, but you will be taken to have made the statements and certifications that are set out in the Application Form.

Option 2: Pay by cheque

Please complete the personalised Application Form which accompanies this booklet and return it with your cheque made payable to “Silver Mines Limited”, drawn on an Australian financial institution and crossed “Not Negotiable” in the enclosed reply envelope to:

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Shareholders in New Zealand will need to affix the appropriate postage to the reply envelope.

Your completed Application Form and cheque for the appropriate amount must be received by the Share Registry prior to the close of the SPP Offer at 5:00pm (AEDT) on 29 March 2017. Application Forms and payments received after 5:00pm (AEDT) on 29 March 2017 will not be accepted.

8. What are the key dates for the SPP?

<i>Record date:</i>	7:00 pm, 3 March 2017
<i>Opening date:</i>	8 March 2017
<i>Closing Date:</i>	29 March 2017
<i>Opening of Shortfall Offer:</i>	30 March 2017
<i>Closure of Shortfall Offer:</i>	6 April 2017
<i>Issue of New Shares:</i>	7 April 2017
<i>New Shares commence trading on ASX:</i>	10 April 2017
<i>SPP holding statements dispatched:</i>	10 April 2017

Silver Mines reserves the right to vary these times and dates in its absolute discretion by sending a revised timetable to ASX. All times are AEDT.

9. What are the rights attached to New Shares issued under the SPP?

New Shares will rank equally with all other Shares on issue.

10. Is the SPP underwritten?

The SPP is fully underwritten by Enrizen Capital Pty Ltd (ABN 79 169 695 649) to the value of

A\$2,000,000 (**Underwritten Amount**), and then on a best endeavours basis for a further A\$1,000,000 (**Best Endeavours Amount**).

The Underwriter is a related party of Mr Trent Franklin, the Company Secretary of Silver Mines.

In the event that the SPP is not fully subscribed, the resulting Shortfall Shares, will, subject to the terms of the underwriting agreement, be placed at the discretion of the Underwriter, up to the value of A\$2,000,000. In the event that the value of the Shortfall Shares exceeds the Underwritten Amount, the Underwriter will use its best endeavours (but will not be required) to place up to the Best Endeavours Amount, in addition the Underwritten Amount.

The underwriting agreement contains customary conditions, warranties and undertakings and is subject to various termination events exercisable by either party.

Pursuant to the underwriting agreement between the Underwriter and Silver Mines, the Underwriter will be entitled to a fee of 5% of the total funds raised under the SPP Offer (exclusive of GST, where applicable).

As a result of the underwriting, the minimum amount to be received by Silver Mines as a result of the SPP will be A\$2,000,000 (before costs of the SPP Offer).

11. What do I do if I am a Custodian?

The SPP is also being extended to Eligible Shareholders who are Custodians and who wish to apply for New Shares on behalf of certain Eligible Beneficiaries.

The SPP is being offered to Custodians as the registered Shareholder. Custodians are not required to participate on behalf of their Eligible Beneficiaries. Custodians may choose whether or not to extend the SPP to their Eligible Beneficiaries.

If you wish to apply as a Custodian under the SPP to receive New Shares for one or more Eligible Beneficiaries, you must request from the Share Registry, a Custodian Certificate. The Custodian Certificate contains further details (required by ASIC Class Order 09/425), and must be submitted before a Custodian Application will be accepted.

Applications by Custodians that are not accompanied by a duly completed Custodian Certificate will be rejected. By applying as a Custodian on behalf of Eligible Beneficiaries to purchase New Shares, you certify (amongst other things) that each Eligible Beneficiary has not exceeded the \$15,000 limit.

To request a Custodian Certificate or for further information about the custodian application process, please contact the Share Registry from 8:30am to 5:00pm (AEDT) Monday to Friday on +61 2 9290 9600.

A Custodian will be ineligible to participate in the SPP if their participation would be in breach of ASIC Class Order 09/425.

12. Will I receive notification of my issue?

Yes. The Share Registry will send you a holding statement on or around 10 April 2017 which will include details of your New Shares and your total holding of Shares in Silver Mines.

13. Where can I get more information?

If you have any questions in relation to participation in the SPP, please contact the Company on +61 2 8316 3997 or the Share Registry, on +61 2 9290 9600, from Monday to Friday between the hours of 8:30 am and 5:00pm (AEDT) or consult your financial or other professional adviser.

If you have questions in relation to investing in Silver Mines or whether to take up this Offer, please contact your stockbroker, accountant or other professional adviser.

14. What will happen if the SPP is oversubscribed?

The amount that each Eligible Shareholder can apply for under the SPP is capped at \$15,000. The SPP aims to raise up to A\$3,000,000. Silver Mines may decide, in its absolute discretion, to accept applications (in whole or in part) that result in the SPP raising more or less than this amount.

Silver Mines may, at its absolute discretion, scale back the number of New Shares that will be allotted to Eligible Shareholders under the SPP. If this happens, you may be allocated New Shares to a value which is less than the value of New Shares that you applied for and the difference will be refunded to you.

15. How will Application Monies be refunded?

Any Application Monies refunded by Silver Mines will be paid by cheque or direct credit (the payment method will be determined by Silver Mines in its absolute discretion) in Australian currency. By applying for New Shares, each shareholder authorises Silver Mines to pay any monies to be refunded by using the payment instructions of the shareholder recorded in the Share Registry's records, if Silver Mines should elect to pay in this manner.

Terms and Conditions

Notice

If you participate in the SPP by completing and returning the Application Form or by making a payment by BPAY, you are accepting the risk that the market price of Shares may change between the Record Date, the date on which you return the Application Form or make a payment by BPAY and the Issue Date. This means that, up to and/ or after the Issue Date, you may be able to buy Shares on the ASX at a lower price than the Issue Price.

Shareholders should read these Terms and Conditions carefully before making a decision whether to participate in the SPP. Eligible Shareholders will be bound by these Terms and Conditions, and the constitution of the Company, upon accepting the SPP Offer.

1. Offer

- (a) Silver Mines offers each Eligible Shareholder the opportunity to purchase up to \$15,000 worth of New Shares (in parcels of \$5,000, \$10,000 and \$15,000) under the SPP subject to and in accordance with these Terms and Conditions.
- (b) Capitalised terms used throughout this booklet have the definitions given within the 'Definitions' section of this booklet.
- (c) The SPP Offer opens on Wednesday, 8 March 2017 and closes at 5:00pm (AEDT) on Wednesday, 29 March 2017 (or such other date as the Company determines, in its absolute discretion).
- (d) If you choose not to participate in the SPP, your right to participate lapses at the Closing Date, being 5:00pm (AEDT) on Wednesday, 29 March 2017 (or such other date as Silver Mines determines, in its absolute discretion).
- (e) The SPP Offer is non-transferable. Eligible Shareholders cannot transfer their rights under this SPP to a third party.
- (f) Participation in the SPP by Eligible Shareholders is optional. If an Eligible Shareholder does not wish to participate in the SPP, they do not need to take any action and the SPP Offer will lapse on the Closing Date.
- (g) All references to \$ or dollars in this booklet are references to Australian dollars, unless otherwise indicated.

2. Eligible Shareholders

- (a) You will be eligible to participate in the SPP Offer if you:
- (i) were recorded on the Register as a Shareholder at 7:00pm (AEDT) on 3 March 2017 (**Record Date**);
 - (ii) have a registered address in either Australia or New Zealand at that time;
 - (iii) are not in the United States and are not acting for the account or benefit of a person in the United States; and
 - (iv) you have not been issued more than \$15,000 worth of shares in the previous 12 months.
- (b) The SPP Offer is also available to Eligible Shareholders who are Custodians, in accordance with clause 3 below.

3. Joint holders and Custodians

- (a) If two or more persons are registered as jointly holding Shares, those persons are taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder. The SPP Offer is made to such joint holders, jointly. A certification given by any one of the joint holders will be taken to be a certification given by all of them.
- (b) Eligible Shareholders who are Custodians may, subject to the Terms and Conditions, participate in the SPP, on behalf of each Eligible Beneficiary on whose behalf the Custodian is holding Shares. If the Custodian wishes to apply for more than \$15,000 of New Shares, the Custodian must certify to the Company that:
- (i) that the Custodian holds fully paid ordinary Shares (directly or indirectly) on behalf of one or more Eligible Beneficiaries;
 - (ii) the number of Eligible Beneficiaries;
 - (iii) for each Eligible Beneficiary, the name, address and number of Shares held (directly and indirectly) by the Custodian on their behalf;
 - (iv) for each Eligible Beneficiary, the number and dollar amount of New Shares that Eligible Beneficiary or another custodian has instructed the Custodian to accept on behalf of the Eligible Beneficiary;

- (v) for each Eligible Beneficiary, the application price for the New Shares applied for on their behalf, and any other Shares applied for on their behalf under a similar arrangement in the previous 12 months (excluding Shares which were applied for but not issued), does not exceed \$15,000;
- (vi) a copy of this SPP Offer booklet was given to each Eligible Beneficiary; and
- (vii) where the Custodian holds shares on behalf of an Eligible Beneficiary indirectly, or through one or more interposed custodians, the name and address of each interposed Custodian.

4. Application for New Shares

- (a) Eligible Shareholders may apply for New Shares in parcels of \$5,000, \$10,000 or \$15,000 and must be for a minimum of \$5,000 and a maximum of \$15,000.
- (b) Eligible Shareholders who wish to apply for New Shares must either complete and return the enclosed Application Form, and:
 - (i) forward it with a cheque drawn for the application amount from an Australian financial institution made payable to “Silver Mines Limited” and crossed “Not Negotiable” in the enclosed business reply envelope so that it is received prior to 5:00pm (AEDT) on 29 March 2017; or
 - (ii) make a payment for the appropriate amount via BPAY in accordance with the instructions on the Application Form, so that it is received prior to 5:00pm (AEDT) on 29 March 2017.
- (c) Eligible Shareholders who receive more than one offer under the SPP (for example, because they hold Shares in more than one capacity or in different registered holdings) may apply on different Application Forms for New Shares but may not apply for New Shares with an aggregate value of more than \$15,000.
- (d) If you wish to subscribe for New Shares as a Custodian for one or more Eligible Beneficiaries, you must also complete and submit an additional Custodian Certificate that contains further certifications and details (required under the terms of ASIC Class Order 09/425 and as described in clause 3(b)) before your application will be accepted. Applications by Custodians that are not accompanied by a duly completed Custodian Certificate will be rejected.
- (e) Silver Mines and its officers and agents, may accept or reject your application for New Shares in whole or in part at their discretion, including, without limitation, if:
 - (i) your application does not comply with these Terms and Conditions;

- (ii) it appears you are not an Eligible Shareholder;
- (iii) your Application Form and cheque or BPAY payment is not received by the Share Registry by the Closing Date;
- (iv) if paying by cheque, your Application Form is incomplete or incorrectly completed or is otherwise determined by Silver Mines or the Share Registry to be invalid;
- (v) your cheque is dishonoured or has been incorrectly completed;
- (vi) it appears that you are:
 - I. applying to purchase more than \$15,000 worth of New Shares in aggregate (including as a result of Shares you hold directly, jointly or through a Custodian or nominee arrangement); or
 - II. your application is not for an amount in a \$5,000 increment; or
 - III. payment of the application monies is not submitted in Australian currency; or,
 - IV. if payment is made by cheque, the cheque is not drawn on an Australian financial institution; or
- (vii) the amount of your BPAY payment or cheque is not equal to the amount of your application. If this occurs, Silver Mines will:
 - I. refund, in full, your Application Monies and not allot any New Shares to you; or
 - II. allot to you the number of New Shares that would have been allotted had you applied for the parcel amount that is less than the amount of your payment and refund to you the excess of your Application Monies.
- (f) If you are entitled to a refund of all or any of your Application Monies, the refund will be paid to you, without interest, as soon as is practicable:
 - (i) by direct credit to your nominated account (as recorded on the Register) or cheque; or
 - (ii) by returning your Application Form and cheque, if not processed, to your registered address (as recorded on the Register).

5. Issue Price

- (a) The Issue Price is \$0.165 per New Share. This is the same price per Share as the December Placement and is a discount to the market price of Silver Mines Shares as at the Record Date.
- (b) The current Share price may be determined from the ASX website.
- (c) You agree to pay the Issue Price per New Share for the number of New Shares applied for; or, if there is a scale back, the number of New Shares calculated under clause 8.

6. Issue

- (a) New Shares will be issued on, or close to, the Issue Date.
- (b) New Shares will rank equally with existing Shares as at the Issue Date.
- (c) Silver Mines will apply to ASX for the quotation of New Shares. Silver Mines expects that New Shares will be quoted on the ASX immediately after their issue.
- (d) The Share Registry will send you a holding statement, confirming the issue of New Shares, on or around 10 April 2017.

7. Acknowledgements

By returning an Application Form with a cheque or making a payment via BPAY, you:

- (a) are deemed to have accepted the SPP Offer and you irrevocably and unconditionally agree to be bound by the Terms and Conditions of the SPP and the terms and conditions of the Application Form;
- (b) agree not to do any act or thing that would be contrary to the spirit, intention or purpose of the SPP;
- (c) warrant that all details and statements in your Application Form are true and complete and not misleading;
- (d) agree that your application will be irrevocable and unconditional (that is, it may not be withdrawn)
- (e) warrant that you are an Eligible Shareholder and are eligible to participate in the SPP according to these Terms and Conditions;
- (f) acknowledge that no interest will be paid on any Application Monies:

- (i) held pending the issue of New Shares; or
 - (ii) subsequently refunded to you for any reason;
- (g) acknowledge that Silver Mines and its officers and agents, are not liable for any consequences of the exercise or non-exercise of its discretions referred to in these Terms and Conditions;
- (h) agree to pay the Issue Price per New Share up to the maximum of:
- (i) the value you have selected on the Application Form; or
 - (ii) the maximum value of your BPAY payment or cheque;
- (i) acknowledge and agree that:
- (i) you are not in the United States and are not acting for the account or benefit of a person in the United States; and
 - (ii) the New Shares have not been, and will not be, registered under the U.S Securities Act or the securities laws of any state or other jurisdiction of the United States, and the New Shares may not be offered, sold or otherwise transferred without registration under the U.S Securities Act or unless the New Shares are offered, sold or otherwise transferred in a transaction exempt from, or not subject to, the registration requirements of the U.S Securities Act, and any other applicable securities laws;
 - (iii) you have not, and you will not, send this booklet or any materials relating to the SPP to any person in the United States; and
 - (iv) if you are acting as a trustee, nominee or Custodian, each Beneficiary on whose behalf you are participating is resident in Australia or New Zealand and you have not sent this booklet, or any materials relating to the SPP, to any person outside Australia and New Zealand.
- (j) if you are applying on your own behalf (and not as a Custodian), acknowledge and agree that:
- (i) you are not applying for New Shares with an application price of more than \$15,000 under the SPP (including by instructing a Custodian to acquire New Shares on your behalf under the SPP);

- (ii) the total of the application price for the following, does not exceed \$15,000:
 - I. the New Shares the subject of the application; and
 - II. any other Shares issued to you under this SPP or any similar arrangement in the 12 months before the application; and
 - III. any other New Shares which you have instructed a Custodian to acquire on your behalf under the SPP; and
 - IV. any other Shares issued to a Custodian in the 12 months before the application as a result of an instruction given by you to the Custodian to apply for Shares on your behalf under an arrangement similar to the SPP;
- (k) if you are a Custodian and are applying on behalf of an Eligible Beneficiary on whose behalf you hold Shares, acknowledge and agree that:
 - (i) you are a Custodian (as that term is defined in ASIC Class Order 09/425);
 - (ii) you held Shares on behalf of the Eligible Beneficiary as the Record Date who has instructed you to apply for New Shares on their behalf under the SPP and that the Eligible Beneficiary has been given a copy of this booklet;
 - (iii) you are not applying for New Shares on behalf of any Eligible Beneficiary with an application price of more than \$15,000 under the SPP; and
 - (iv) the information in the Custodian Certificate submitted with your Application Form is true, correct and not misleading;
- (l) accept the risk associated with a refund that may be dispatched to you by direct credit or cheque to your home address shown on the Register;
- (m) are responsible for any dishonor fees or other costs Silver Mines may incur in presenting a cheque for payment which is dishonoured;
- (n) agree to be bound by the constitution of Silver Mines (as amended from time to time or in the future);
- (o) acknowledge that none of Silver Mines, its advisers or agents, has provided you with any financial product or investment advice or taxation advice in relation to the SPP, or has any obligation to provide such advice;
- (p) authorise Silver Mines, and its officers and agents, to do anything on your behalf necessary for the New Shares to be issued to you in accordance with these Terms and

Conditions;

- (q) acknowledge that Silver Mines may at any time irrevocably determine that your application is valid, in accordance with the Terms and Conditions, even if the Application Form is incomplete or is otherwise defective; and
- (r) authorise Silver Mines, and its officers and agents, to correct minor or easily rectified errors in, or omissions from, your Application Form and to complete the Application Form by the insertion of any missing minor detail.

8. Scale Back

- (a) Silver Mines may undertake a scale back of applications for New Shares in its absolute discretion, and to the extent and in the manner it sees fit.
- (b) If there is a scale back, you may receive less than the parcel of New Shares for which you have applied.
- (c) If the scale back procedures result in a fractional number of New Shares when applied to your parcel, the number of New Shares you will be allotted will be rounded up to the nearest whole number of New Shares.
- (d) If there is a scale back, the difference between the Application Monies received from you, and the number of New Shares allocated to you multiplied by the Issue Price, will be refunded to you without interest.

9. Dispute resolution

Silver Mines may settle, in any manner it deems appropriate, any difficulties, anomalies, or disputes which may arise in connection with, or as a result of, the operation of the SPP; whether generally or in relation to any participant or any application for New Shares, and its decision shall be conclusive and binding on all participants and other associated parties.

10. Class Order compliance

The SPP Offer of New Shares is made in accordance with ASIC Class Order 09/425 and ASIC Instrument 17/0175 which provides relief from the requirement to prepare a prospectus for the SPP Offer of New Shares.

This booklet is not a prospectus under Chapter 6D of the *Corporations Act*.

11. Variation and termination

Silver Mines reserves the right at any time to:

- (a) vary these Terms and Conditions;

- (b) waive strict compliance with any provision of these Terms and Conditions;
- (c) withdraw the SPP Offer or suspend or terminate the SPP;
- (d) vary the timetable for the SPP, including the Closing Date or the Issue Date; and
- (e) not accept an application, not issue New Shares or issue New Shares to a value less than that applied for under the SPP by an Eligible Shareholder (including a Custodian applying on behalf of its Eligible Beneficiaries).

If the SPP is withdrawn or terminated, all Application Monies will be refunded. Interest will not be paid on any money returned to you.

11. Privacy

- (a) The Company, the Underwriter and the Share Registry collect, hold and use certain personal information on the Application Form for the purposes of processing the Application and administering the Shareholder's security holding in the Company. The Company must maintain a public register.
- (b) Information contained in the Company's register is also used for corporate communications and compliance by the Company with legal and regulatory requirements.
- (c) Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application Form may not be able to be processed efficiently, if at all.
- (d) Under the *Privacy Act 1988* (Cth), you may request access to your personal information held by or on behalf of the Company. You may request access to your personal information or obtain further information about the Company's management practices by contacting the Share Registry or the Company. If the Share Registry's record of your personal information is incorrect or out of date, it is important that you contact the Company or the Share Registry so that records can be corrected.

12. Underwriting

- (a) The SPP Offer is underwritten by Enrizen Capital Pty Ltd (ABN 79 169 695 649), to the value of A\$2,000,000, and on a best endeavours basis for up to a further A\$1,000,000.
- (b) Enrizen Capital Pty Ltd is a related party of the Silver Mines Company Secretary, Mr Trent Franklin.

- (c) In the event that Eligible Shareholders do not subscribe for New Shares under the SPP to the Underwritten Amount, then the resultant Shortfall Shares will, subject to the terms of the underwriting agreement and up to the value of A\$2,000,000, be placed at the discretion of the Underwriter.
- (d) In the event that the value of the Shortfall Shares exceeds the Underwritten Amount, the Underwriter will use its best endeavours (but will not be required) to place up a further A\$1,000,000 of New Shares, in addition the Underwritten Amount.
- (e) The Underwriter will be entitled to a fee of 5% of the funds raised under the SPP Offer (exclusive of GST, where applicable).
- (f) The underwriting agreement contains customary conditions, warranties and undertaking and is subject to various termination events exercisable by both parties.

13. General

- (a) These Terms and Conditions are governed by the laws in force in New South Wales. Any dispute arising out of, or in connection with, these Terms and Conditions, or the SPP Offer, will be determined by the courts of New South Wales.
- (b) By accepting the SPP Offer, you agree to submit to the non-exclusive jurisdiction of the courts in New South Wales.
- (c) Other terms and conditions, rights and obligations relating to Shares are contained in the constitution of the Company.
- (d) The Terms and Conditions of the SPP prevail to the extent of any inconsistency with the Application Form.

GLOSSARY

The following definitions apply throughout this booklet unless the context requires otherwise:

AEDT	Australian Eastern Daylight Time
Application Form	Your personalised application form enclosed with this booklet.
Application Monies	Monies accompanying an Application Form, to be paid to Silver Mines, for the number of New Shares specified on the Application Form.
ASIC	Australian Securities Investment Commission.
ASX	ASX Limited ACN 008 624 691 or the market it operates.
Beneficiary	A person on whose behalf a Custodian is holding Shares at 7:00pm (AEDT) on the Record Date.
Closing Date	5:00pm (AEDT) on 29 March 2017 (or such other date as Silver Mines determines, in its absolute discretion).
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Custodian	A custodian as defined in paragraph 14 of ASIC Class Order 09/425.
Custodian Certificate	A certificate complying with paragraph 9 of ASIC Class Order 09/425.
December Placement	The Placement conducted by Silver Mines as announced to the market on 16 December 2016.
Eligible Beneficiary	A Beneficiary with a registered address in either Australia or New Zealand, provided that such Beneficiary is not in the United States.
Eligible Shareholders	A Shareholder who is a registered holder of Shares at 7:00pm (AEDT) on 3 March 2017 with a registered address in either Australia or New Zealand, provided that such Shareholder is not in the United States or acting for the account or benefit of a person in the United States.
Issue Date	7 April 2017 (or such other date as Silver Mines determines, in its absolute discretion).
Issue Price	The price per New Share as determined under clause 5 of the Terms and Conditions.
New Share	A new fully paid ordinary Share issued as a result of this SPP.
Offer Period	The period commencing on the Opening Date and ending on the Closing Date.
Opening Date	8 March 2017.
Record Date	7:00pm (AEDT) on 3 March 2017.
Register	The register of Shareholders.
Share Registry	Boardroom Pty Limited ABN 14 003 209 836.
Silver Mines	Silver Mines Limited ABN 45 107 452 942
Share	A fully paid ordinary share in Silver Mines.
Shareholder	A registered holder of Shares.

Shortfall Shares	Any New Shares not taken up by Eligible Shareholders under the SPP Offer.
Shortfall Offer	The Offer of Shortfall Shares by the Underwriter.
SPP	The share purchase plan offer made to Eligible Shareholder under this booklet.
SPP Offer	The offer of New Shares under a Share Purchase Plan, as set out in this booklet.
Terms and Conditions	The terms and conditions of the SPP Offer, outlined in this booklet under the heading 'Terms and Conditions'.
Underwriter	Enrizen Capital Pty Ltd ABN 79 169 695 649.
VWAP	Volume Weighted Average Price.