

10 December 2024

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

PLACEMENT TO RAISE \$25 MILLION

Not for release to US wire services or distribution in the United States

Silver Mines Limited (ASX:SVL) ("**Silver Mines**" or "**the Company**") is pleased to advise that it has successfully completed a Placement of \$25 million (before costs) to institutional and sophisticated investors ("**Placement**"). Demand for the Placement was well in excess of funds raised by the Company.

The Placement also saw strong support from a number of highly credentialled investors both locally and internationally.

The Company continues to progress the Bowdens Silver Project towards development with a number of important catalysts emerging in the near term including the completion of the Bowdens Optimisation Study.

After costs, the funds raised will be used predominantly for:

- Bowdens Silver Project development consent approvals and engineering studies;
- community and freehold purchases including property purchase, water and biodiversity rights, and land access agreements;
- continued exploration for Resource growth across the Company's NSW tenements including the Company's Bara Creek Prospect and Tuena Project;
- business development opportunities; and
- general working capital.

Commenting on the funding, Silver Mines Managing Director, Mr Jo Battershill said: "*We are very pleased to have secured funding of \$25 million with strong support from a number of large, global institutional funds. On behalf of the Board of Directors, I would also like to thank our shareholders for their ongoing support.*"

Despite what has been a turbulent period on the back of the recent Court of Appeal decision, the strong demand in the Placement confirms the support for our Bowdens Silver Project. This support is a direct reflection of the substantial potential of the Bowdens Silver Project.

"The market for silver remains very strong with limited new silver development projects scheduled to start up in the next 2-3 years. Silver Mines is well positioned with the Bowdens Silver Project continuing to advance through the key studies and expected to gain reinstatement of the development consent required to commence production at the Project."

Placement

The Company has received firm commitments for a \$25 million placement at \$0.092 per share representing a 9.6% discount to the 5-trading day volume weighted average trading price to 5 December 2024. The Placement was strongly supported by both existing shareholders and new investors.

The Placement will result in the issue of 271,739,135 fully paid ordinary shares ("**New Shares**") to be issued using the Company's capacity (150,803,626 under ASX Listing Rule 7.1A and 120,935,509 under ASX Listing Rule 7.1).

Participants in the Placement will receive free options ("**New Options**") on a one (1) for three (3) basis, with each New Option being exercisable at \$0.1196 and expiring 18 months from the date of their issue being 17 June 2026. The Company expects to issue a total of 90,579,712 New Options (subject to rounding) will be issued using the Company's capacity under ASX Listing Rule 7.1.

Petra Capital acted as Sole Lead Manager and Sole Book-runner to the Placement.

Settlement of the Placement is expected to take place on Monday, 16 December 2024 with New Shares and New Options expected to be issued on or around Tuesday, 17 December 2024.

New Shares issued under the Placement will rank pari passu with existing Silver Mines ordinary shares from the respective date of issue. The terms and conditions of the New Options are set out in Annexure 1 of this announcement.

Termination of Convertible Debenture Funding

Further to the Company's announcement on 18 July 2024, the Company advises that it has agreed to mutually terminate with immediate effect the binding interim convertible debenture agreement with Bromma Asset Management Inc, MMCAP International Inc ("**Interim Debenture Agreement**").

The mutual termination releases all parties from all further obligations in relation to the Interim Debenture Agreement, and there were no break fees associated with the termination.

The Company decided that given the current status of its development application for the Bowdens Silver Project long-term equity capital was preferred over a convertible debt structure. The Placement also allows funds to be raised more expeditiously than the convertible debt structure which was subject to lengthy FIRB approvals.

No convertible debentures were issued by the Company in relation to the Interim Debenture Agreement.

The Company requests that the halt on trading in its securities be lifted with immediate effect.

This document has been authorised for release to the ASX by the Company's Managing Director, Mr Jonathan Battershill.

Yours
Silver Mines Limited

faithfully

A handwritten signature in black ink, appearing to read 'Trent Franklin'.

Trent Franklin
Company Secretary

Important Notice

The information in this announcement does not constitute, and is not intended to constitute, investment or financial product advice, financial, legal, tax accounting or other advice or a recommendation to acquire any shares (or other securities) of Silver Mines and does not and will not form any part of any contract for the acquisition of New Shares or New Options being offered under the Placement. It does not take into account any individual's investment objectives, tax or financial situation or particular needs.

Before making an investment decision, prospective investors should consider the appropriateness of the information and any investment in Silver Mines having regard to their own objectives, financial and tax situation and needs from their individual perspective and, if in doubt, seek professional financial, legal, taxation or other advice (having regard to the requirements of all relevant jurisdictions).

The Company is not licensed to provide financial product advice in respect of an investment in shares. Cooling off rights do not apply to the acquisition of shares under the Placement.

This announcement does not constitute or contain an offer, invitation, solicitation of recommendation to subscriber for, acquire or sell any securities in the Company. This announcement is not a prospectus, product disclosure statement or any other disclosure or offering document under Australian law (and has not been, and will not be, lodged with the Australian Securities and Investment Commission) or any other law. This announcement is for information purposes only.

All dollar amounts are in Australian dollars unless otherwise indicated.

Not an offer in the United States:

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Forward-Looking Statements

This announcement may contain certain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters that may involve risks or uncertainties and may involve significant items of subjective judgement and assumptions of future events that may or may not eventuate (Forward-Looking Statements). Forward-Looking Statements can generally be identified by the use of forward-looking words such as "anticipate", "estimates", "will", "should", "could", "may", "expects", "plans", "forecast", "target" or similar expressions and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production and expected costs. Indications of, and guidance on future earnings, cash flows, costs, financial position and performance are also Forward Looking Statements.

Persons reading this announcement are cautioned that such statements are only predictions, and that actual future results or performance may be materially different. Forward-Looking Statements, opinions and estimates included in this announcement are based on assumptions and contingencies which are subject to change, without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions. Forward-Looking Statements are provided as a general guide only and should not be relied on as a guarantee of future performance.

No representation or warranty, express or implied, is made by Silver Mines that any Forward-Looking Statement will be achieved or proved to be correct. Further, Silver Mines disclaims any intent or obligation to update or revise any Forward-Looking Statement whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law.

Annexure 1 – Proposed New Option Terms and Conditions

The New Options entitle the holder to subscribe for fully paid ordinary shares in the Company ("**Shares**") on the following terms and conditions:

(a) Entitlement

Each New Option gives the option holder the right to subscribe for one Share. To obtain the right given by each New Option, the option holder must exercise the New Options in accordance with the term and conditions of the New Options.

(b) Exercise Price

Subject to any variation in share capital, the amount payable upon exercise of each New Option will be \$0.1196.

(c) Expiry Date

The New Options will, except to the extent earlier exercised, expire at 5:00 pm (AEST) on 17 June 2026 ("**Option Expiry Date**"). Any New Option not exercised before the Option Expiry Date will automatically lapse on the Option Expiry Date.

(d) Exercise Period

The New Options are exercisable at any time on or prior to the Option Expiry Date ("**Exercise Period**").

(e) Notice of Exercise

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

(f) 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 New Option being exercised in cleared funds ("**Exercise Date**").

(g) Timing of Issue of Shares on exercise

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

- (i) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled;
- (ii) issue a substitute Certificate or holding statement for any remaining unexercised New Options held by the holder;
- (iii) if required, and subject to clause (h), give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iv) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

(h) Restriction on transfer of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act. The Company is authorised by the holder to apply a holding lock on the relevant Shares during the period of such restriction from trading.

(i) Shares issued under exercise

Shares issued on exercise of the New Options rank equally with the then issued Shares of the Company.

(j) Variation of Share Capital

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

(k) Participation in new issues

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

(l) Change in exercise price

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

(m) Quotation of Shares issued on exercise

If the Company is admitted to the official list of ASX at the time of the exercise of the New Options, application will be made by the Company to ASX for quotation of the Shares issued upon issue of Shares as a result of that exercise occurring.

(n) Unquoted

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

(o) Transferability

The New Options are not transferable, except with the prior written approval of the Company at its sole discretion and subject to compliance with the Corporations Act and Listing Rules.