

SILVER MINES LIMITED ACN 107 452 942

Notice of Annual General Meeting

TIME: 10:30 am (AEDT)

DATE: Friday, 26 November 2021

PLACE: Automic Group, 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

1. 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) Friday, 26 November 2021** at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000 Australia. Due to government restrictions limiting physical gatherings as a result of COVID-19, Shareholders will not be permitted to attend the Meeting in person and instead are invited to participate in the Meeting by weblink virtually.

If you wish to virtually attend the Meeting (which will be broadcast as a live webinar), please pre-register in advance for the virtual meeting here:

https://us02web.zoom.us/webinar/register/WN_wih0gR3AQzeWssC8ljuJXA

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the Annual General Meeting.

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/>

2. Online Voting

Due to the COVID-19 social distancing restrictions, travel restrictions, other requirements imposed by the Federal and State governments and related COVID-19 concerns, physical attendance at the Meeting by Shareholders and hence voting in person will not be permitted. Attendance will only be available by weblink (and you must register your attendance with the Company or Share Registry as noted above).

Shareholders who wish to vote virtually on the day of the Annual General Meeting will need to login to the Automic website (<https://investor.automic.com.au/#/home>) with their username and password.

Shareholders who do not have an account with Automic are strongly encouraged to register for an account as soon as possible and well in advance of the Meeting to avoid any delays on the day of the Meeting.

How do I create an account with Automic?

To create an account with Automic, please go to the Automic website (<https://investor.automic.com.au/#/home>), click on 'register' and follow the steps. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

I have an account with Automic. What are the next steps?

Shareholders who have an existing account with Automic (note: with a username and password) are advised to take the following steps to attend and vote virtually on the day of the Annual General Meeting:

1. **(Login)** Login to the Automic website (<https://investor.automic.com.au/#/home>) using your username and password.
2. **(Registration on the day)** If registration for the virtual meeting is open, click on 'Meeting open for registration' and follow the steps.
3. **(Live voting on the day)** If live voting for the virtual meeting is open, click on 'Meeting open for voting' and follow the steps.

3. 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 Hand	Due to COVID-19 restrictions hand delivery of proxies will not be available.
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.

Technical Difficulties

Technical difficulties may arise during the course of the Meeting. The Chair has discretion as to whether and how the Meeting should proceed in the event that a technical difficulty arises. In exercising his discretion, the Chair will have regard to the number of Shareholders impacted and the extent to which participation in the business of the Meeting is affected. Where he considers it appropriate, the Chair may continue to hold the Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Shareholders are encouraged to lodge a proxy not later than 48 hours before the commencement of the Meeting.

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 using the Q&A function.

NOTICE OF MEETING

Notice is given that the Meeting of Shareholders will be held at **10:30am (AEDT) on Friday, 26 November 2021** at Level 5, 126 Phillip Street, Sydney NSW 2000 Australia. Due to general concerns and government restrictions limiting physical gatherings as a result of COVID-19, Shareholders will not be permitted to attend the Meeting in person and instead are invited to participate in the Meeting by weblink virtually.

If you wish to virtually attend the Meeting (which will be broadcast as a live webinar), please pre-register in advance for the virtual meeting here:

https://us02web.zoom.us/webinar/register/WN_wih0gR3AQzeWssC8ljuJXA

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the Annual General Meeting.

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 Wednesday, 24 November 2021.

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 2021, 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 2021 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 2021, 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 – RATIFICATION OF ISSUE OF FEBRUARY 2021 PLACEMENT SHARES

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 7.4 and for all other purposes, Shareholders ratify the issue of 136,363,637 Shares, to Sophisticated Investors on the terms and conditions contemplated in Section 1 of the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour on this Resolution by or on behalf of any person who participated in the issue the subject of this Resolution and any person who is 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.

4. RESOLUTION 3 – ADOPTION OF NEW CONSTITUTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a Special Resolution:

“That in accordance with section 136 of the Corporations Act, and for all other purposes, Shareholder approval is given for the Company to repeal its existing constitution and adopt a new constitution tabled at the Meeting and signed by the Chairman of the Meeting for the purposes of identification, be adopted as the constitution of the Company in place of the current constitution, with effect from the close of the Meeting”.

Voting Exclusion Statement: There is no voting exclusion for this Resolution.

5. RESOLUTION 4 – IMPLEMENTATION OF EMPLOYEE INCENTIVE SCHEME

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 7.1 and 7.2 (exception 13(b)) and for all other purposes, Shareholders approve the Company’s Employee Incentive Scheme (**Incentive Scheme**) and the issue of securities by the Board in its discretion in accordance with the provisions of the Incentive Scheme.*

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by a person who is eligible to participate the Incentive Scheme 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 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.

6. RESOLUTION 5 – RE-ELECTION OF KEITH PERRETT 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 Listing Rule 14.5 and for all other purposes, Mr Keith Perrett being a Non-Executive Director and being eligible, offers himself for re-election, is re-elected as a Director”.

Voting Exclusion Statement: The Company will disregard any votes cast in favour on this Resolution by Mr Keith Perrett or any of his Associates.

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.

7. OTHER BUSINESS

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

DATED: 25 OCTOBER 2021

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 7:00 pm (AEDT) on Wednesday, 24 November 2021 (**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.

The proxy form must be signed by the Shareholder or his or her attorney duly authorised in writing or, 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 Wednesday, 24 November 2021) 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 Hand	Due to COVID-19 restrictions hand delivery of proxies will not be available
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 2021 contains the Company's Remuneration Report on pages 19 to 22. 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 2021 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 - RATIFICATION OF ISSUE OF FEBRUARY 2021 PLACEMENT SHARES

2.1 Background

As announced on 15 February 2021, Silver Mines conducted a placement to Sophisticated Investors, raising \$30 million (before costs) (February Placement). Under the February Placement, the Company offered Sophisticated Investors the opportunity to subscribe for Shares at \$0.22 each.

The February Placement was fully subscribed for 136,363,637 fully paid ordinary shares (**February Placement Shares**), which were issued using the Company's capacity under ASX Listing Rule 7.1.

The funds raised under the February Placement were and will be primarily used for the pre-development progression of the Company's flagship Bowdens Silver project. Funding was also made available for exploration activities and for corporate and general working capital purposes as required.

Resolution 2 proposes the ratification by Shareholders of the issue of the February Placement Shares.

2.2 Requirement for Shareholder ratification under Listing Rule 7.4

Listing Rule 7.1 requires Shareholder approval for the proposed issue of securities in the Company where such issue represents more than 15% of the Company's securities then on issue within the 12 month period immediately prior to the date of that issue or the date of agreement to effect that issue (15% Threshold).

Listing Rule 7.1A provides that companies that obtain Shareholder approval by special resolution at their Annual General Meeting, may issue securities up to 10% of the Company's securities then on issue within the 12 month period immediately prior to the date of that issue (10% Threshold).

Listing Rule 7.4 permits the ratification of previous issues of securities made without Shareholder approval, provided such issue, in aggregate with any other applicable issues of Equity Securities by the Company, did not breach the 15% Threshold or 10% Threshold, as applicable.

Shareholder ratification of an issue of securities under Listing Rule 7.4 enables the Company capacity to issue further securities up to the 15% Threshold or 10% Threshold, without additional Shareholder approval (but still subject to any other approval required under the Listing Rules), to the extent of the securities that were the subject of that ratification.

Resolution 2 therefore seeks Shareholder ratification, under Listing Rule 7.1, for the issue of the February Placement Shares issued under the February Placement, in order to restore the Company's capacity to issue further Equity Securities within the 15% Threshold and 10% Threshold.

If this Resolution 2 is not approved by Shareholders then the February Placement Shares will not be ratified thereby reducing the Company's 15% Threshold to the extent of the February Placement Shares until the anniversary of the date of issue of the February Placement Shares.

2.3 Information required by Listing Rule 7.5

For the purpose of Listing Rule 7.5, the following information in relation to the Shares the subject of Resolution 2 is provided:

(a) Number of securities issued

136,363,637 fully paid ordinary shares

(b) Issue price of securities

The February Placement Shares were issued for \$0.22 each.

(c) Terms of issue of the securities

The February Placement Shares will be fully paid ordinary shares in the issued capital of the Company.

(d) Date of Issue

The February Placement Shares were issued on 22 February 2021

(e) Parties to whom the securities were issued

The February Placement Shares were issued to Sophisticated Investors who are not Related Parties of the Company.

(f) *Use of funds raised*

The Company raised approximately \$30 million (before costs) under the February Placement, which has and is being primarily used for the purpose set out in paragraph 2.1 above.

(g) *Material terms of an agreement to which securities were issued*

Non-applicable.

2.4 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution 2, and whose votes will be disregarded if cast on Resolution 2, is set out in the Notice.

2.5 Recommendation of Directors

Each Director recommends that Shareholders vote **IN FAVOUR** of Resolution 2. Each Director confirms that he has no personal interest in the outcome of Resolution 2 other than in his capacity as a Shareholder or an Associate of a Shareholder.

3. RESOLUTION 3 – ADOPTION OF NEW CONSTITUTION

3.1 Adoption of New Constitution

The Company's Constitution was adopted in 2006. Since then, there have been a number of amendments to the legislation governing corporations (the Corporations Act), the Listing Rules of the ASX, corporate governance principles and general corporate and commercial practice for ASX Listed companies since that time.

The Company has reviewed its Constitution and determined that it is more appropriate to adopt a new constitution, which reflects these changes, rather than make each of the individual necessary amendments to the current constitution. The new constitution also reflects technological changes and the current practices of the Company.

Under section 136 of the Corporations Act, repealing and adopting a Company's constitution may only take place following a special resolution of shareholders.

A special resolution (being at least 75% of votes cast by securityholders entitled to vote) is required for this Resolution.

The proposed material changes to the Constitution are summarised below. There will also be a number of minor changes to the Constitution.

Proposed amendment	Commentary
1. Flexibility to hold hybrid or virtual meetings	<p>The Company's Constitution does not specifically prevent the Company from holding hybrid or virtual meetings and the Company believes it is entitled to do so. However, the amendments are proposed to provide greater flexibility to hold hybrid and online meetings, and provide specific clauses in the manner in which hybrid and virtual meetings are held by:</p> <ul style="list-style-type: none">confirming that meetings of securityholders may be held entirely by virtual means, or at 2 or more venues using any technology that gives securityholders as a whole a reasonable opportunity to participate in that meeting;

	<ul style="list-style-type: none"> • stipulating that, provided a separate meeting place gives securityholders a reasonable opportunity to participate in proceedings in the main place and enables securityholders in the separate meeting place to vote on a poll, a securityholder present at the separate meeting place linked to the main place of a general meeting is taken to be present at the general meeting and entitled to exercise all rights as if he or she was present at the main place; and • stipulating that where a technical difficulty arises during the meeting such that the requirements for the separate meeting place are not satisfied, the meeting may be adjourned or continued to be held in the main place.
2. Conduct at General meetings	<p>Provisions expressly permit the chairman (or a person acting on the chairman's authority) to:</p> <ul style="list-style-type: none"> • require attendees of general meetings to comply with searches, restrictions or other security arrangements considered appropriate; • where there is insufficient room at a meeting venue, arrange for some people to participate in a general meeting from a separate venue (without giving notice or putting the matter to a vote); • withdraw from consideration any resolution that is set out in the notice of meeting (other than those items of business requisitioned by securityholders or required by law); • determine that votes cast in contravention of the Corporations Act or the ASX Listing Rules are to be disregarded (without requiring that the matter be put to vote); and • subject to the Corporations Act, refuse to allow any amendment to be moved to a resolution set out in the notice of general meeting, and refuse to allow any business to be transacted, unless the general nature of the business is stated in that notice of meeting. <p>In addition to the proposed amendments:</p> <ul style="list-style-type: none"> • permit the chairman to allow further time to obtain quorum at a general meeting if no quorum is reached within the allocated time (15 minutes after the time appointed), before the meeting is dissolved or adjourned; • clarify that the chairman may determine that any resolution put to the meeting should be dealt with by poll (without the need for a vote)

	<p>on a show of hands), and has discretion as to how and when the results of the poll are to be announced (whether during the meeting or afterwards); and</p> <ul style="list-style-type: none"> • stipulate that a person's attendance at a general meeting will waive any objection the person may have to: <ul style="list-style-type: none"> ○ a failure by the Company to give adequate notice of meeting (unless the issue is raised at the start of the meeting); and ○ the consideration of a particular matter at the general meeting that is not referred to in the notice of meeting (unless the person objects to the consideration of the matter when first presented).
<p>3. Clarification and correction of proxy, attorney and corporate representative documentation</p>	<p>Amendments are proposed to provide greater flexibility for the Directors in dealing with proxy, attorney and representative appointments which are incomplete, unclear or not properly executed.</p> <p>The proposed amendments clarify that if the name or office of the proxy, attorney or representative is not filled in or is unclear, then the proxy, attorney or representative of the securityholder is the person specified by the Company in the instrument or form of proxy or, if no person is specified, the chairman of the meeting.</p> <p>New provisions have also been introduced to allow the Board to:</p> <ul style="list-style-type: none"> • return the instrument or form for proper execution or authentication (and extend the time for lodgement of the completed appointment); and • seek clarification of instructions and amend the appointment to reflect this clarification. <p>These provisions will allow the Board to count votes purported to be cast by securityholders via proxy, attorney or representative to be counted, where they otherwise may have been discounted due to procedural irregularities.</p>
<p>4. Lodgement of Proxies</p>	<p>The Corporations Act allows for electronic lodgement of proxy appointments. To ensure the Company takes full advantage of this flexibility, the proposed amendments expressly provide that a proxy appointment is valid if it is in accordance with the Corporations Act or in any form (including electronic) and received at a time that the Directors (or Chairman) accepts. The amendments also confirm the ability for the notice of meeting to specify requirements for electronic lodgement of proxy appointments.</p>

	The proposed amendments will also provide Directors with flexibility to reduce the deadline for receipt of proxies to less than 48 hours before a meeting (or an adjourned meeting), as permitted under the Corporations Act.
5. Clarification of non-executive director remuneration cap	<p>The Constitution currently provides that the remuneration to non-executive directors must comply with the Listing Rules. The amendment proposes to specifically address Listing Rule 10.17, confirming that the total amount or value of the remuneration to non-executive directors must not exceed the amount per annum determined from time to time by the Company's securityholders in general meeting.</p> <p>Consistent with the Listing Rules, the proposed amendments clarify that the remuneration cap excludes reimbursement of out-of-pocket expenses and payments in the Constitution.</p>
6. Restricted Securities	Changes to Listing Rule 15.12 commenced on 1 December 2019 which require a listed entity's constitution to contain certain provisions regarding Restricted Securities if the entity has any Restricted Securities on issue. Although the Company does not presently have any Restricted Securities on issue and does not have any present intentions to undertake a transaction which would result in the issue of Restricted Securities, the Board considers it prudent to take this opportunity to update the Constitution to ensure it complies with these new requirements.
7. Fee for registration of off-market transfers	<p>On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may charge a "reasonable fee" for registering paper-based transfers, sometimes referred to as "off-market transfers".</p> <p>The amended Constitution expressly enables the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders.</p> <p>The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.</p>

If requested, a copy of the proposed new constitution will be sent to shareholders (at no cost) by mail or electronically. A copy of the amended constitution will also be available on the Company's website.

If this Resolution is approved by Shareholders, the proposed new constitution will be adopted from the close of the Meeting.

4. RESOLUTION 4 – ADOPTION OF EMPLOYEE INCENTIVE SCHEME

4.1 Background

The Company and its wholly owned subsidiary, Bowdens Silver Pty Limited, currently have over 20 employees and two non-executive directors.

The Company's employees and non-executive directors have been integral in advancing the Company's exploration objectives and progressing the Company's stated objectives to fast-track the Bowdens Silver Project towards mine development and production.

On 31 July 2019, the Company announced that it had made an offer of securities to eligible participants under an employee incentive scheme (**Initial Incentive Scheme**). The Initial Incentive Plan was a success for the Company with all eligible participants taking up their full entitlements under the Initial Incentive Scheme.

The Board believes that it is in the interests of all Shareholders in continuing to strengthen the interdependence between the Company, as an employer, and Eligible Persons, for the long-term mutual benefit of both the Company and all Shareholders by the implementation of a new employee incentive scheme.

Accordingly, the Board has resolved to implement an employee incentive scheme with the intended effect 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 (**Incentive Scheme**).

4.2 Requirement for Shareholder Approval and information required by Listing Rule

Shareholder approval is not required by the Corporations Act or the Listing Rules for the establishment or operation of the Incentive Scheme. Notwithstanding this fact, Shareholder approval is being sought in accordance with the provisions this Resolution, to allow the Company to rely on Listing Rule 7.2, exception 13. That Exception:

- excludes any Equity Securities issued under an “employee incentive scheme” from being included in the Equity Securities that the Company would otherwise be required to include in determining whether it remains in compliance with the 15% Threshold; and
- provides that a company is not required to obtain shareholder approval for an issue of Equity Securities under an “employee incentive scheme” provided that shareholders have approved the issue of securities under that scheme, as an exception to Listing Rule 7.1, no later than three years before the date of a proposed issue of any Equity Securities under that scheme.

Notwithstanding the above, the Company acknowledges that any Equity Securities issued under the Incentive Scheme to a Related Party will require Shareholder approval under Listing Rule 10.14, before any such securities are issued to that Related Party.

If this Resolution is passed, the Company will be able to proceed with the implementation of the Incentive Scheme.

If this Resolution is not passed, the Company may still proceed with the implementation of the Incentive Scheme, except to related parties who require Shareholder Approval under Listing Rule 10.14, however, it will not be entitled to rely on exception 13 in Listing Rule 7.2.

4.3 Information required by Listing Rule 7.2, exception 13

For the purpose of Listing Rule 7.2, exception 13, the following information in relation to the Incentive Scheme the subject of this Resolution is provided:

(a) The terms of the Incentive Scheme

A summary of the terms and conditions of the Incentive Scheme is set out in Annexure B of this Document.

(b) The number of securities issued under the scheme since the date of the last approval

The Company has not sought approval for the implementation of an employee incentive scheme within the past three years.

- (c) *The maximum number of securities to be issued under the Incentive Scheme following approval*

The number of Equity Securities to be issued under the Incentive Scheme will not exceed 25,000,000 Equity Securities.

4.4 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.

5. RESOLUTION 5 – RE-ELECTION OF MR KEITH PERRETT

5.1 Background

Mr Keith Perrett has had a long involvement in agriculture as a producer and industry leader at local, state, national and international levels. He was formerly Chairman of the Grains Research and Development Corporation (GRDC), the National Rural Advisory Council (NRAC), the Wheat Research Foundation, and President of the Grains Council of Australia. Mr Perrett is Chairman of Acumentis Group Limited (Director since February 2018).

5.2 Requirement for Shareholder Approval

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.

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

If this Resolution is not approved, Mr Perrett 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.

5.3 Voting Exclusion Statement

A description of the persons not permitted to vote on Resolution 5, and whose votes will be disregarded if cast on Resolution 5, is set out in the Notice.

5.4 Recommendation of Directors

Each Director, other than Mr Keith Perrett, recommends that Shareholders vote **IN FAVOUR** of this Resolution. Each Director, other than Mr Keith Perrett, 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.

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 can 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).
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.
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 Scheme and include the following attaching rights:

- (a) (Performance Rights): Each Performance Right is a right to acquire a Share.
- (b) (General Meetings): A Performance Right confers on the holder (Holder) the right to receive all reports and accounts required to be laid before Shareholders of the Company in general meeting and all notices of general meeting, but unless otherwise entitled does not confer on the Holder the right to attend at general meetings.
- (c) (No Voting Rights): A Performance Right does not entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company.
- (d) (No Dividend Rights): A Performance Right does not entitle the Holder to any dividends.
- (e) (Rights on Winding Up): The Performance Rights that have not vested do not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (f) (Not Transferable): A Performance Right is not transferable.
- (g) (Reorganisation of Capital): If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be reconstructed in the manner permitted by the Listing Rules or as otherwise permitted by the Board.
- (h) (Application to ASX): A Performance Right will not be quoted on ASX. However, upon conversion of the Performance Rights, the Company must within 10 Business Days after the conversion, apply for official quotation on the ASX of the Company Shares issued upon such conversion.
- (i) (Participation in Entitlements and Bonus Issues): A Performance Right does not confer any right to participate in new issues of securities such as bonus issues or entitlement issues.
- (j) (Automatically Lapse): The Performance Rights will automatically lapse if the Holder is no longer an employee or Director of the Company.
- (k) (Return of Capital): A Performance Right does not confer any right to a return of capital, whether in winding up, upon a reduction of capital or otherwise.
- (l) (No Other Rights): A Performance Right gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

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.
Rules	means the provisions of the Incentive Scheme, including any schedule or annexure to it, as varied from time to time.
Security	<p>means for the purposes of the Incentive Scheme any of:</p> <ul style="list-style-type: none"> (a) an Option; (b) a Share; or (c) a Performance Right, <p>and each of the foregoing will be regards for the purposes of the administration of the Plan as a separate class of Security.</p>
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
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.
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.



Silver Mines Limited | ACN 107 452 942

Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.30am (AEDT) on Wednesday, 24 November 2021**, 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:

PHONE:

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

SILVER MINES LIMITED

ACN 107 452 942

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members must sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the *Corporations Act*) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Due to restrictions on physical meetings as a result of COVID-19, shareholders will not be permitted to attend the Meeting in person and instead are invited to participate in the Meeting by weblink. Shareholders who wish to attend the Meeting via weblink must register their attendance with the Company by 10:30 am (AEDT) on the day prior to the Meeting here:

https://us02web.zoom.us/webinar/register/WN_wih0gR3AQzeWssC8ljuJXA

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign your Proxy Form and return by no later than 10:30 am (AEDT) on Wednesday, 24 November 2021:

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 Hand	Due to COVID-19 restrictions hand delivery of proxies will not be available
By Email	meetings@automicgroup.com.au

Proxy Forms received later than this time will be invalid.

ANNEXURE B – TERMS AND CONDITIONS OF INCENTIVE SCHEME

A summary of the key terms of the Silver Mines Limited Incentive Scheme (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.

25. Reconstructions

If prior to exercise of an Option or conversion of a Performance Right there is a reconstruction of the issued capital 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.

24. 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

CORPORATE DIRECTORY

Board of Directors

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

Company Secretary

Trent Franklin

Registered Office

Level 11, 52 Phillip Street
Sydney NSW 2000
Australia

Company Website

www.silvermines.com.au

Share Registry

Automic Registry Services Pty Ltd
Level 5, 126 Phillip Street
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