

18 July 2024

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

SILVER MINES SECURES A\$30.2 MILLION CONVERTIBLE DEBENTURE FUNDING FROM BROMMA, RICK RULE AND MMCAP

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 entered into a binding interim convertible debenture (**Convertible Debentures**) agreement (**Interim Debenture Agreement**) with Bromma Asset Management Inc. a specialised investment firm led by Harry Lundin, Rick Rule and MMCAP International Inc. SPC (each, a **Holder**), securing A\$30.2 million in funding (before costs).

In connection with the transaction, Silver Mines has appointed SCP Resource Finance as its adviser.

Commenting on the funding, Silver Mines Managing Director Mr Jo Battershill said: *“We are thrilled to announce the \$30.2 million convertible debenture with Bromma Asset Management Inc. This funding is a significant milestone for Silver Mines as we continue to advance our Bowdens Silver Project. The financial support underscores the strong potential of our project and the confidence in our team.*

This convertible debenture is particularly advantageous for our shareholders as it is less dilutive compared to a traditional placement. The conversion price is set at a significant premium to the last trading price, which reflects the value and future potential of our project. This structure allows us to secure necessary funding while minimising dilution and preserving shareholder value.

We look forward to leveraging this investment to accelerate our development and exploration activities and bring the Bowdens Silver Project to fruition, ultimately delivering significant value to our shareholders.”

The Company continues to progress the Bowdens Silver Project towards development with a number of important catalysts emerging in the near term. After costs, the funds raised under the Convertible Debentures will be used predominantly for the following:

- drilling;
- engineering studies for the Definitive Feasibility Study;
- pre-construction activities; and
- general & administrative costs for the Bowdens Silver Project.

Bromma Asset Management Inc., through its Bromma Resource Master Fund Inc., is a Canadian investment firm with a focus on the resource sector, particularly in precious metals.

The material terms of the Interim Debenture Agreement are as follows:

Principal Sum	The Company will raise a maximum of A\$30,200,000 (Principal Sum).
Face Value	30,200 Convertible Debentures each with a face value of A\$1,000.00.
Original Issue Discount	2%
Conversion	The Holders shall have the right (but not the obligation) at any time prior to redemption or the Maturity Date to convert all or any part of the Principal Sum into fully paid ordinary shares in the capital of the Company (Shares) at a conversion price of A\$0.22 per Share (Conversion Shares).
Conversion Price	A\$0.22 per Share (Conversion Price). The Conversion Price is a 33% premium to the Company's last trading price of \$0.165.
Mandatory Conversion	Provided that the Shares issuable upon the conversion of the Convertible Debentures are free trading and not subject to any restrictions on resale, the Company may elect to convert of all of the Principal Sum of the then outstanding Convertible Debentures at the Conversion Price prior to the Maturity Date, if the price of Shares on ASX is greater than A\$0.375 for any 15 consecutive trading days during any period of 30 consecutive trading days, subject to a minimum trading volume of 4,000,000 average Shares over the measurement period.
Additional Debt	Prior to the Maturity Date, the Company shall not issue any additional debt without the prior approval of the Holders (Negative Pledge), until project financing is committed, thereafter; (i) at the option of the Holders, the Negative Pledge will be terminated; or (ii) at the option of the Company, the outstanding Convertible Debentures owing to the Holders can be either redeemed at 102% of the Principal Sum thereof plus unpaid interest to the Maturity Date, payable in cash (upon which the Negative Pledge will terminate automatically).
Maturity	The Convertible Debentures will mature after 48 months from the Issue Date (Maturity Date). On the Maturity Date, the Company must repay the outstanding balance of the Principal Sum (plus any interest accrued thereon) to the Holders: (a) in cash; or (b) with the mutual consent of both the Company and the Holders, and to the extent required under Listing Rule 7.1, shareholder approval, in Shares with the price per Share based on a 10% discount to the volume weighted average price (VWAP) of the Shares on the Exchange (as defined below) for 10 trading days preceding the Maturity Date, subject to a minimum daily trading volume of 4,000,000 Shares; or (c) with the mutual consent of both the Company and the Holders a combination of both (a) and (b).
Interest	Interest will accrue on the Convertible Debentures at the rate of 10% per annum, payable quarterly in arrears in each year until the Maturity Date, as follows: (a) (Initial Period): during a period commencing the date of issue (the Issue Date) and ending on the second quarterly interest payment date, in cash; (b) (Second Period): for a further period of 30 months from the Issue Date, at the option of the Company, by either: (i) the issue of 1/3 the equivalent value of the interest in Shares (Interest Shares), at a price per Interest Share equal to a 10% discount to the

	<p>volume weighted average trading price (the VWAP) of the Shares on the ASX for the 10 trading days preceding the applicable interest payment date, provided that the Interest Shares are free trading and listed and not subject to any restrictions on resale; and</p> <p>(ii) the payment of 2/3 the value of the interest in cash; or</p> <p>(iii) the payment of the entire value of interest in cash;</p> <p>(c) (Third Period): after the expiry of the Second Period, in cash.</p>
Conditions Precedent	<p>The issue of the Convertible Debentures will be subject to the following conditions precedent:</p> <p>(a) (Definitive Agreements): the entry into fuller form binding documentation in respect of the Convertible Debentures; and</p> <p>(b) (FIRB Approval): the Holders obtaining:</p> <p>(i) a written notice, by or on behalf of the Treasurer of the Commonwealth of Australia, stating that the Commonwealth Government does not object to the issue of the Convertible Debentures (and any document executed in connection with the Convertible Debentures) under the Foreign Acquisitions and Takeovers Act 1975 (Cth) (FATA); or</p> <p>(ii) professional advice from its legal advisers that the issue of the Convertible Debentures does not require approval under FATA and the Holders provides a copy of that advice to the Company.</p>
Placement Capacity	<p>The Convertible Debentures will be issued using the Company's existing Listing Rule 7.1 Capacity.</p> <p>As at the date of this announcement, SVL's available placement capacity under Listing Rule 7.1 is approximately 158,057,290 equity securities. Assuming the Holders convert all Convertible Debentures, the number of Conversion Shares to be issued is approximately 137,272,727 Shares.</p> <p>The issue of any Interest Shares is at the Company's election. In the event the Company resolves to issue Interest Shares, it will be required to either utilise its available Listing Rule 7.1 placement capacity available as at the date of issue or seek shareholder approval for the issue of the Interest Shares.</p> <p>In the event the Company elects to repay the Outstanding Balance of the Principal Sum (plus any interest accrued thereon) to the Holders at the Maturity Date in Shares, it will issue 137,272,727 Shares utilising Listing Rule 7.2 (Exception 9(b)) and any additional Shares will be subject to shareholder approval pursuant to Listing Rule 7.1.</p>
Security and ranking	<p>The Convertible Debentures will be senior secured obligations of the Company, and shall rank senior in right of payment of principal and interest to all other previously existing or hereafter issued indebtedness of the Company.</p> <p>The Convertible Debentures will be secured by a general security interest over the assets of the Company. The Company will enter into a general security agreement under which the Company will have negative covenants not to pledge, sell, lease or otherwise dispose of its assets, other than in the normal course or as permitted pursuant to the Definitive Agreements, without the Holders' prior written consent.</p> <p>The Convertible Debentures shall have the benefit of a guarantee of the subsidiaries of the Company of all indebtedness and liabilities of the Company to the Holders under the Convertible Debentures.</p>
Unquoted	<p>The Convertible Debentures will be unquoted. The Company will apply for quotation of all Shares issued pursuant to the Interim Debenture Agreement.</p>

Redemption on Change of Control	<p>In the event of a Change of Control of the Company, the Holders shall have the right to require the Company to either:</p> <ul style="list-style-type: none"> (a) purchase the Convertible Debentures at 105% of the Principal Sum thereof plus unpaid interest to the Maturity Date; or (b) if: <ul style="list-style-type: none"> (i) the Change of Control results in a new or successor issuer (or equivalent in any foreign jurisdiction); or (ii) the Company is acquired by a reporting issuer or its equivalent in any foreign jurisdiction, <p>convert the Debenture into a replacement debenture of the new or successor issuer or the acquiring reporting issuer, as applicable, in the aggregate principal amount of 105% of the aggregate Principal Sum of the Convertible Debentures; or</p> (c) convert the Convertible Debentures at the Conversion Price. <p>Change of Control means:</p> <ul style="list-style-type: none"> (a) any transaction (whether by purchase, merge or otherwise) whereby a person or persons acting jointly or in concert directly or indirectly acquire(s) the right to cast, at a general meeting of shareholders of the Company more than 50% of the votes that may be ordinarily cast at a general meeting; (b) the Company's amalgamation, consolidation or merger with or into any other person, any merger of another person into the Company unless the holders of voting securities of the Company immediately prior to such amalgamation, consolidation or merger hold securities representing 50% or more of the voting control or direction in the Company or the successor entity upon completion of the amalgamation, consolidation or merger; or (c) any conveyance, transfer, sale lease or other disposition of all or substantially all of the Company's and its subsidiaries' assets and properties, taken as a whole, to another arm's length person.
Covenants	<p>In addition to customary positive and negative covenants contained in the Convertible Debentures, the Company will be required to maintain a minimum positive working capital of not less than A\$3,000,000.</p>
Events of Default	<p>The Definitive Agreements will contain certain market standard events of default for an agreement of this nature.</p>

In addition to the Original Issue Discount of 2% which will be deducted from the Principal Sum as agreed with the Holders, the Company will also pay SCP Resource Finance a fee of USD\$200,000.

The Company will keep the market updated as the transaction progresses.



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

Yours faithfully
Silver Mines Limited

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

Trent Franklin
Company Secretary

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