Sent on August 18, 2025

Dear readers of the Silver Mines info email address,

This email is being sent to you because Silver Mines (SVL) does not provide an email contact for an individual on its ASX announcements. Could you please forward this email to all relevant SVL decision makers on the capital raise.

I'm not currently a Silver Mines shareholder but am writing to you on behalf of the circa 12,500 retail investors who are eligible to apply to participate in the Share Purchase Plan (SPP), which closes on August 27.

Firstly, thank you for at least offering retail shareholders an SPP as part of the $33 million capital raising. Whilst this is clearly better than this shamefully long list of companies which have done stand-alone placements with no SPP at all, the proposed $3 million SPP component is too small relative to the $30 million institutional placement. This is what I've currently got about your raising on my public master list summarising all capital raisings above $15 million by ASX listed companies since 2000:

August 27, 2025: Silver Mines (SVL): *went into a trading halt at 9.40am on August 1, then* The AFR's *Street Talk column was selectively briefed and reported at 3.50pm on Sunday August 3 that it was looking to raise $30m in a placement. The sole broker was Petra Capital which was paid an excessive 6% cash fee. The official announcement on August 5 included the extra detail that there would be a $3m SPP as well with no secondary VWAP pricing. The pricing was 12c, a 7.7% discount to the previous close of 13c. Was capitalised at $251m after the placement settled with the stock at 12.5c. The latest annual report says the company has 12,461 shareholders with no substantial institutional shareholders above 5%. The theoretical maximum in SPP applications is $374 million. Wrote to the company on August 17 requesting a lift to the SPP cap and best practice data disclosure with the outcome announcement.*

First up, it was a shame you didn't include secondary SPP pricing based on the VWAP. For future reference, please see this list of 36 examples where companies not only offered secondary VWAP pricing but retail shareholders actually ended up paying less in the SPP than institutions in the earlier placement.

The $3 million cap is so restrictive that if just 100 or 2.9% of the 12,461 shareholders apply for the maximum $30,000, that will soak up the entire $3 million SPP allocation. Clearly, the proposed cap is too low and the allocation to retail of just 9.1% of a $33 million capital raising should be substantially lifted, assuming there are surplus applications.

As a rule of thumb, SPPs should anticipate at least 20% participation and the placement-SPP split should also at least reflect the situation before the raising was announced, in order to prevent any collective dilution between the institutional and retail shareholder classes.

For instance, if retail shareholders as a whole owned 50% of Silver Mines before the placement was announced, then the SPP should be a least 50% of the overall raising which would be $30 million out of $60 million. I personally think an increase to $30 million for the SPP would be appropriate, if demand is strong. And you won't have to pay an excessive 6% fee to Petra for the additional $27 million in capital!

There are many precedents and it would be great if Silver Mines was to join this long list of almost 50 examples of companies which completely uncapped their SPPs in the face of strong demand and in order to avoid imposing any form of scale back. And when weighing this up, remember that retail shareholders as a class have been diluted out of tens of billions of dollars over the past 20 years by Australia's anything goes public company capital raising system, in which the biggest losers are the inert retail shareholders who don't participate in non-renounceable offers.

From a retail shareholder perspective, the next best alternative after complete uncapping is partially lifting the cap but still imposing a scale back, as has also been done previously by many companies – see this long list of almost 50 examples.

If there is going to be a scale back, there should ideally be a minimum allocation such as $500 for all applicants, in order to reduce the number of holders with an unmarketable parcel. Here is a list of 19 examples of capital raisings by ASX listed companies where there was a minimum allocation before a pro-rata scale back was applied. After that, a pro rata allocation based on size of holding is fair. Alternatively, you could choose to favour your smaller and poorer retail shareholders by scaling back based on size of application like the many companies on this list.

Whatever you do, please spell out the scale back formula clearly in the SPP outcome announcement, preferably with a table similar to what QBE Insurance produced in this 2009 ASX announcement.

Finally, in terms of the outcome announcement, please follow the best practice transparency demonstrated by companies on this list. For the avoidance of doubt, here are some words to demonstrate how it might read.

"The Silver Mines SPP was open to 12,461 eligible shareholders and the company received applications totalling $27.2 million from 1797 holders, a participation rate of 14.4%."

Once again, I would appreciate an acknowledgment that this email has been received and forwarded to the relevant parties and look forward to seeing the ASX announcement about the hopefully expanded and uncapped SPP.

I will be commenting about your decision on Twitter, in my next *Intelligent Investor* column (see previous 200-plus columns) and also will potentially raise the issue at your next AGM.

If you would like to discuss this matter, feel free to make contact via this email address.

Thank you for your consideration.

Kind regards
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