SILVER CITY MINERALS LIMITED

ASX ANNOUNCEMENT

5 February 2018

Copper Sulphide Intersections at Copper Blow

- **50 metre copper sulphide intersection from 180 metres in hole 18CB054**
- **Massive magnetite-sulphide-quartz intersection over 11 metres in hole 17CB046 from 288 metres**
- **Drilling indicates mineralisation is open at depth and along strike**
- **Further drilling planned at Copper Blow and new geophysical targets along strike**

Silver City Minerals Limited (ASX: SCI) ("Silver City" or "the Company") is pleased to announce that it has now completed four diamond drill holes in Phase 1 of its follow-up drilling program at Copper Blow 20 kilometres south of Broken Hill. Strong copper sulphide mineralisation has been identified in magnetite-sulphide veins and banded magnetite-bearing shear zones in all holes.

In a recent ASX Release (22 January 2018) the Company reported intersections of massive magnetite-sulphide veins and vein clusters in the first two holes of its Phase 1 program (18CB052 and 53). In addition to these, Silver City has completed a third hole (18CB054) and has extended RC hole 17CB046 with a diamond tail. Both of these holes have intersected significant copper mineralisation.

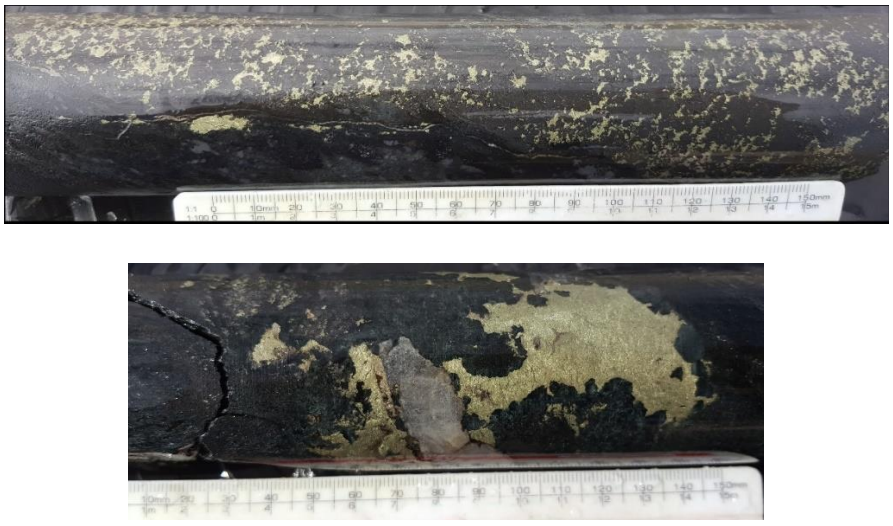

Plate 1 Top Photo: Massive magnetite-chalcopyrite-pyrrhotite-pyrite vein. **Bottom Photo:** Quartz-chlorite-chalcopyrite vein. Hole 17CB046 diamond tail.

Drill Hole 18CB054

Hole 18CB054 was collared to the northeast of the Central Fault (Figures 1 and 2). It was designed to drill beneath a number of reverse circulation holes which intersected broad zones of copper-gold mineralisation (Figure 3). The hole encountered a steeply dipping, sulphide-mineralised, magnetite-biotite shear zone between 140 and 235 metres. Between approximately 140 and 180 metres the rock contains trace to 1% sulphides.

From 180 to 230 metres (50 metres downhole) there is a significant increase in sulphide content to between 1 and 10% with the dominant sulphide being chalcopyrite (copper sulphide). The images of drill core (Plate 3; starting at 182.22 metres) on the following pages show part of the 50 metres of well mineralised core. The bronze-yellow speckle and bands in the images is predominantly chalcopyrite with very minor pyrite and pyrrhotite. The black rock is predominantly magnetite, biotite and fine silica.

The Company considers this to be a significant mineralised intersection. Geological interpretation suggests a steeply dipping, well mineralised shear zone approximately 50 metres in true thickness. It has a higher grade zone on the southeast (footwall) side which is approximately 30 metres in true thickness. This zone potentially broadens with depth (Figure 3). The shear zone hosts continuous copper mineralisation from surface to at least 200 metres below surface and is open a depth.

Little drilling has been undertaken to the northeast or southwest of this intersection. For example a drill section 55 metres to the northeast hosts only one hole (17CB049). It tests the shear zone to a depth of 100m. It similarly hosts a broad zone of copper mineralisation (78 metres at 0.3% Cu and 0.08g/t Au at a nominal 0.1% Cu cut-off). Geological interpretation suggests it also has a 50 metre true thickness. Within this, the footwall (southeast) mineralisation is similarly enriched in copper (5 metres at 0.6% Cu and 0.16 g/t Au from 120 metres; ASX Release 26 October 2017).

The width and vertical extent of copper mineralisation to the northeast of the Central Fault is highly encouraging and suggests potential for exploitation using open pit mining methods.

Plate 2 Drilling at Copper Blow


START→ 182.22m
183m
184m
185m
186m
END 186.7m
START→ 186.7m
187m
188m
189m
190m
191m
START→ 191.06m
192m
193m
194m
195m
END 195.5m
START→ 195.5m
196m
197m
198m
199m
END

Plate 3 Core photos from 18CB054 showing abundant copper mineralisation in magnetite rich rocks

Drill Hole 17CB046

The Company extended reverse circulation hole 17CB046 to 332.7 metres with a diamond tail. This hole was designed to test beneath historic hole CB09 which contained a high grade intersection of **11.8 metres at 6.7% copper and 1.92 g/t gold** from 189.2 metres (ASX Release 4 May 2017).

Between 288.4 and 299.5 metres (11.1 metres) it intersected a quartz-magnetite-sulphide vein hosting predominantly iron sulphides and localised, very coarse grained copper sulphides (Plates 1 and 4). This is the same style of mineralisation, over approximately the same downhole thickness, as intersected in hole CB09 located almost 100 metres vertically above. The images of core below show the complex nature of the vein with abundant magnetite (black), sulphides (bronze, yellow and brown speckle) and quartz veins (white).

There is significant scope for extensions of this copper-bearing vein above, below and along strike from this section (Figure 4). For example the drill section to the northwest is 70 metres distant and is tested by a fence of reverse circulation holes which extend to vertical depths of only 85 metres. The best intersections recorded in the project to date lie between 100 and 180 metres vertical depth.

Plate 4 Core photos from hole 17CB046 showing magnetite-sulphide-quartz vein.

Results

At the time of writing the last two holes of the program were being logged and sampled. Laboratory analytical results for the first two holes are pending.

What does this mean?

At Copper Blow the recent diamond drilling and relogging of historic diamond holes has enabled the geological team to better define the morphology and distribution of mineralised structures. This will give a higher level of confidence in future resource assessment which is anticipated after the Phase 2 drill program.

The intersections encountered in this program also highlight the open nature of the copper mineralisation within a large hydrothermal alteration complex. Drilling suggests a centralised, mineralised shear zone or anastomosing shears, locally 50-100 metres wide with a potassic alteration halo over 200 metres wide, extending to at least 350 vertical metres and open at depth. Magnetic data indicates the strike length of the system is at least 4.5 kilometres.

What next?

Copper Blow

The Company plans to initiate Phase 2 of the drilling program as soon as possible. Planning and design of holes will be contingent on results. However on the basis of observations of core and existing results Silver City has preliminary plans for both infill and step-out drilling northeast and southwest of the Central Fault.

Exploration of the linear magnetic anomaly

Detail ground geophysical surveys were completed late 2017. These show that, in addition to the North and South zones at Copper Blow, there are seven pod-like zones of coincident magnetic and gravity anomalies along a 4.5 kilometre prospective magnetic shear (Figures 1 and 5). The broad intersection of copper mineralisation in hole 18CB054 located north of the Central Fault highlights the strong relationship between magnetite and sulphide mineralisation. Magnetite is a dense mineral and is considered to be largely responsible for the associated gravity anomaly.

The most intense magnetic/gravity anomaly (CB4; Figures 5 and 6) is approximately 400 metres long and at surface hosts to old mine workings. It has the potential to host significant copper. Neither this zone, nor any of the remaining anomalies have been drill tested.

The Phase 2 program will systematically test these initially with reverse circulation drilling.

Annexure 1 Figures

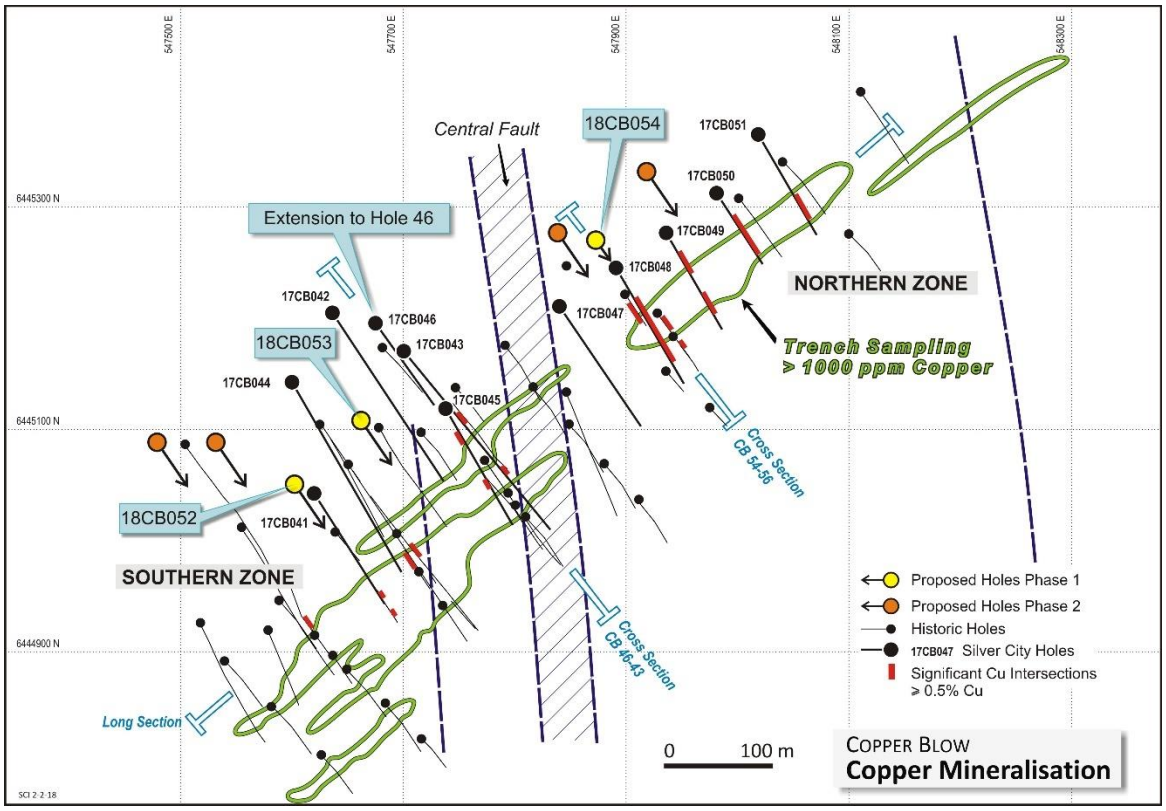

Figure 1 Copper Blow drill hole locations with significant mineralisation represented as red bars on drill traces. Central Fault separates high grade and deeper mineralisation in the south from broad zones of lower grade in the north.

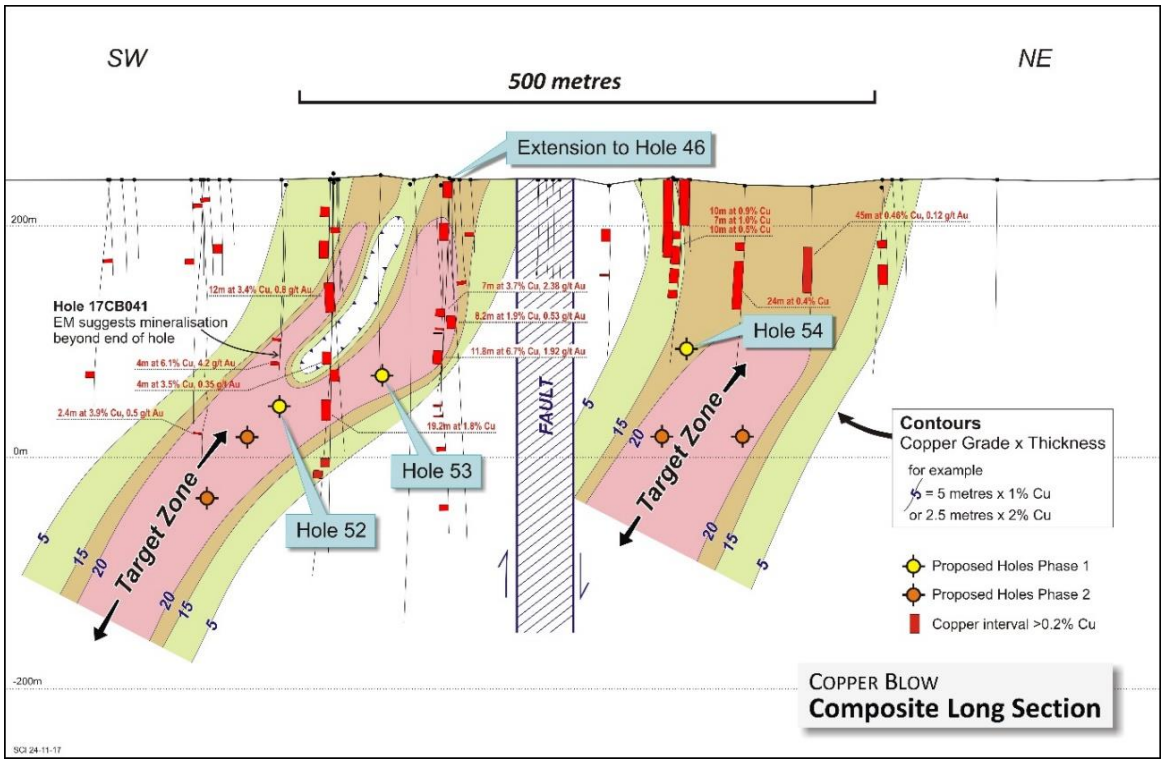

Figure 2 Long Section (from Figure 1). Composite diagram of >0.2% copper and grade x downhole thickness contours. Data suggests southerly or southwesterly plunge to mineralisation both north and south of the Central Fault.

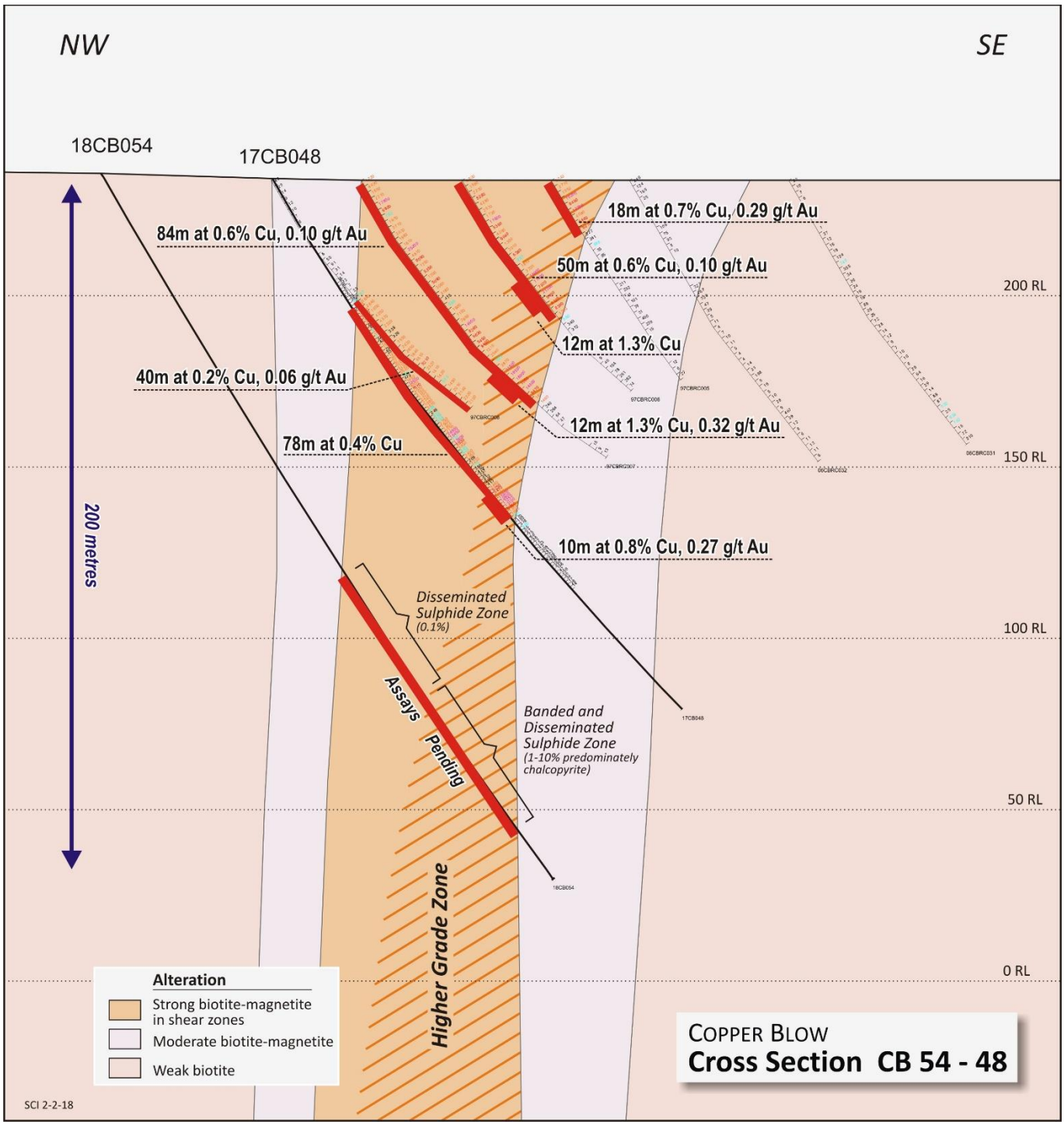

Figure 3 Cross section showing broad zone of magnetite-biotite alteration and copper mineralisation in hole 18CB054

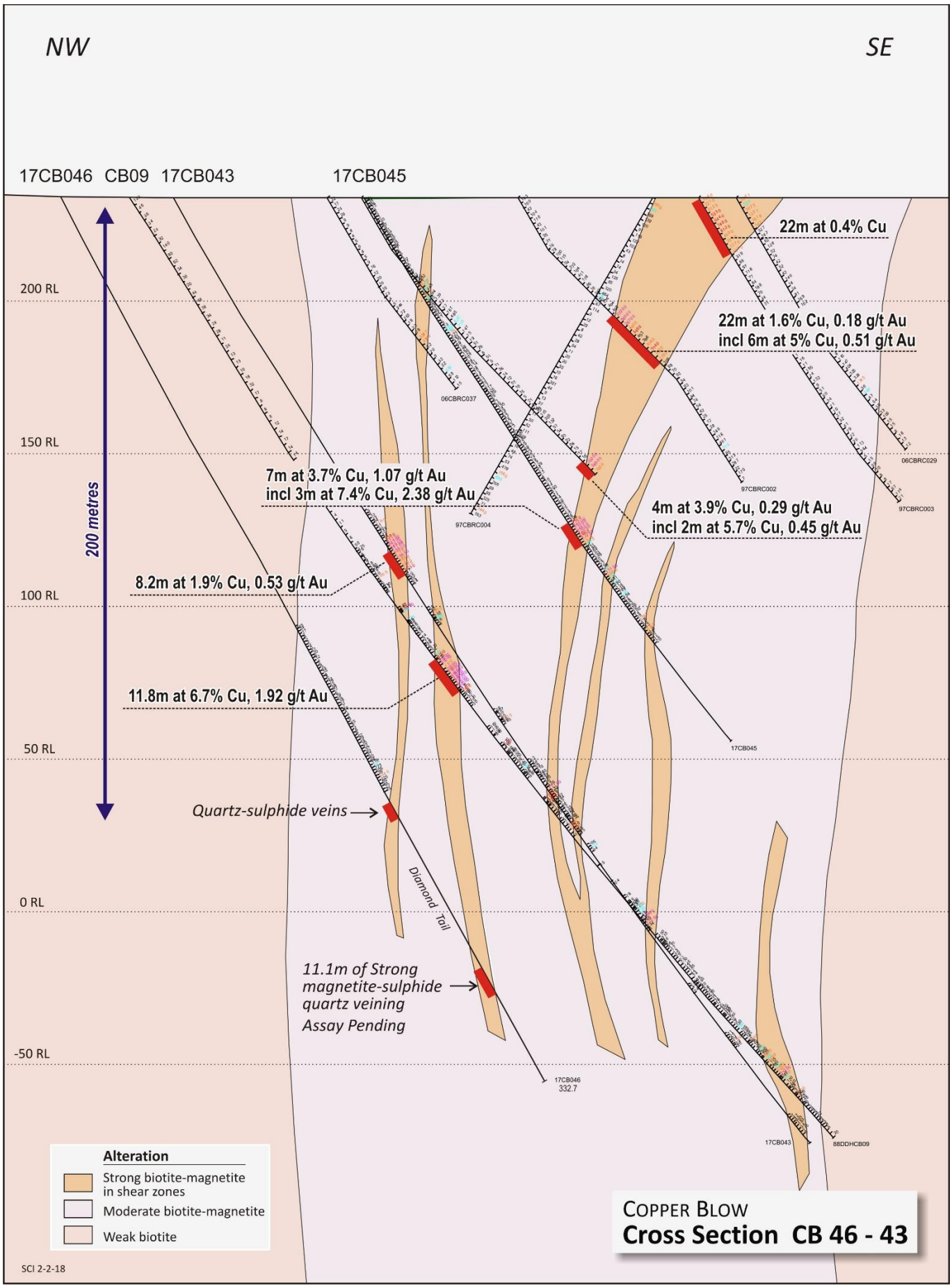

Figure 4 Cross section showing diamond tail on 17CB046. Magnetite-sulphide-quartz vein similar to that in hole CB09 has been intersected almost 100 metres vertically beneath hole CB09.

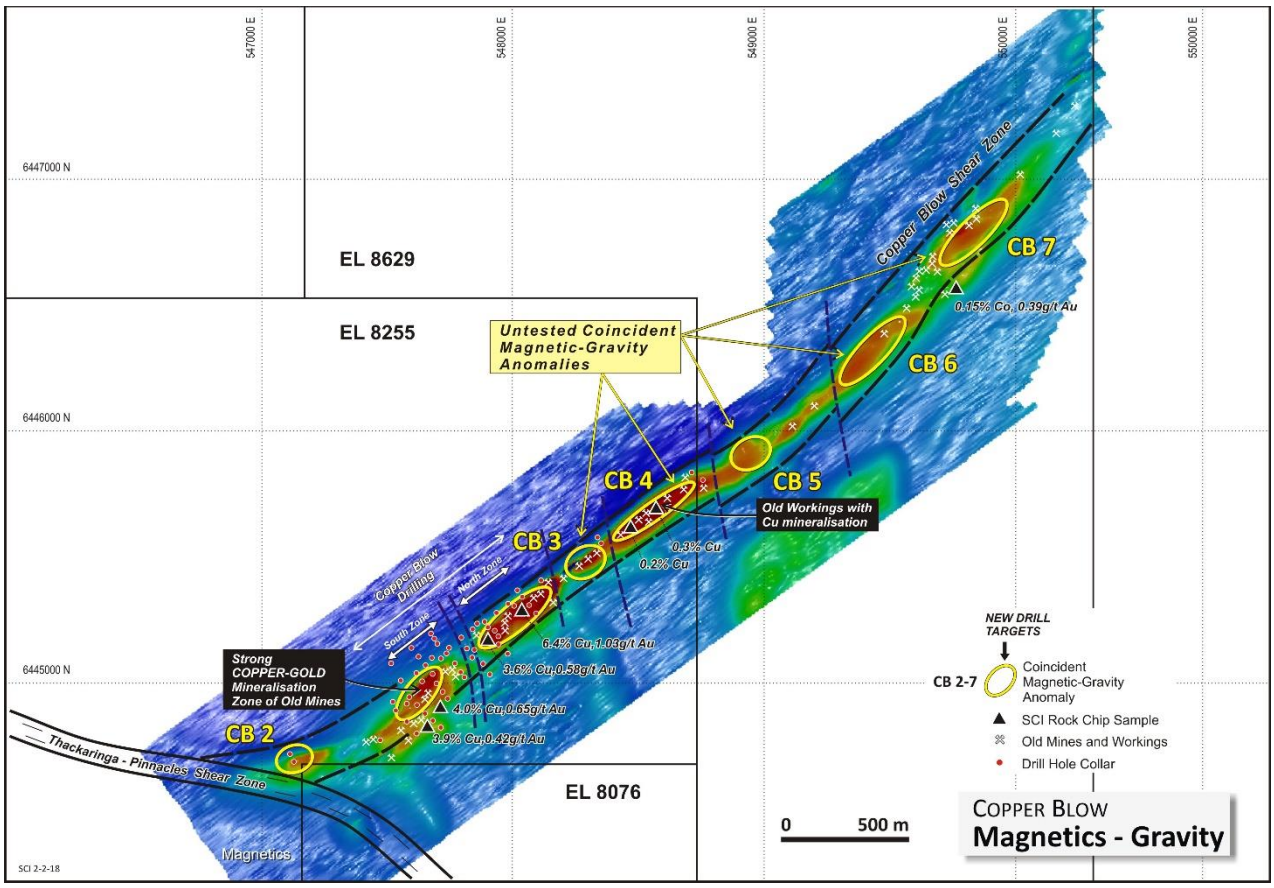

Figure 5 Detailed ground magnetic survey reduced to pole image. Shows a series of coincident magnetic/gravity anomalies. In addition to the North and South zones at Copper Blow there are seven targets all of which might host copper mineralisation.

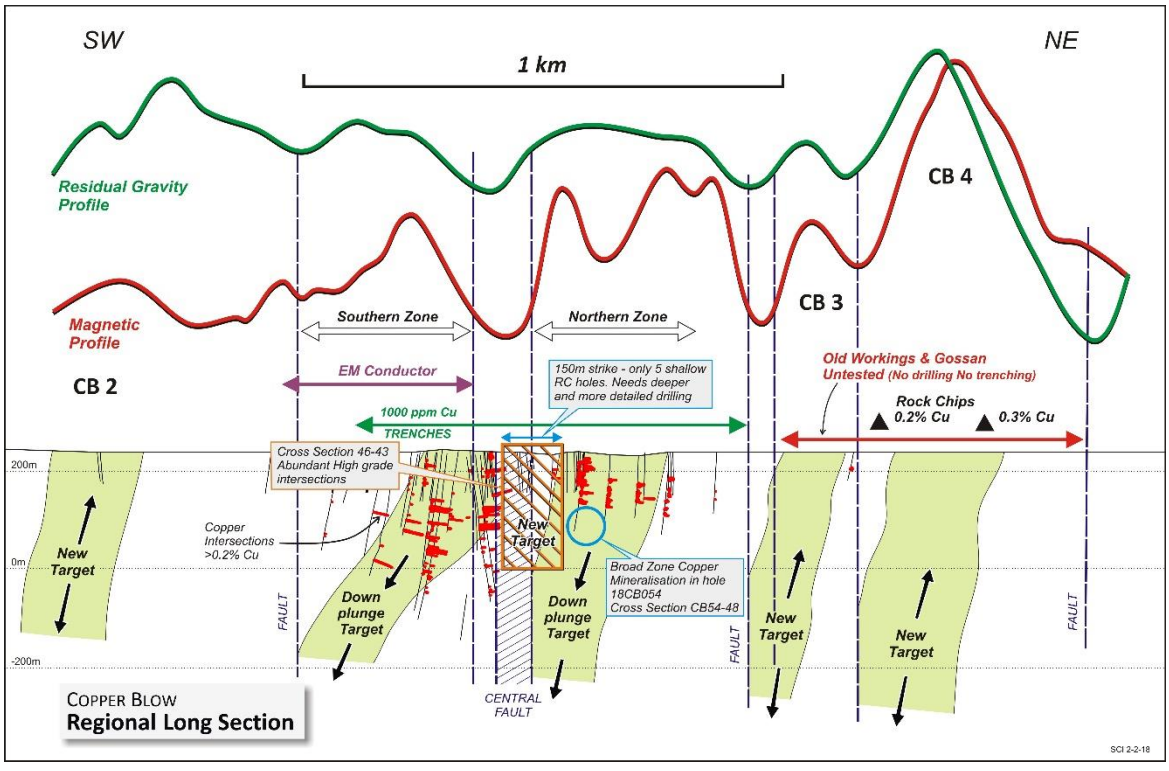

Figure 6 Composite longitudinal section showing magnetic and gravity profiles and drilliing. The zone between hole 54 (Figure 3; Section 54-48) and high grade intersections in Section 46-43 (Figure 4) has very little drilling (over approximately 150 metres of strike). Anomaly CB4 is one of the strongest combined magnetic-gravity targets and it is yet to be drilled.

SILVER CITY MINERALS LIMITED

Christopher Torrey
Managing Director

ABOUT Silver City Minerals Limited

Silver City Minerals Limited (SCI) is a base and precious metal explorer with a strong focus on the Broken Hill District of western New South Wales, Australia. It takes its name from the famous Silver City of Broken Hill, home of the world's largest accumulation of silver, lead and zinc; the Broken Hill Deposit. SCI was established in May 2008 and has been exploring the District where it controls Exploration Licences through 100% ownership and various joint venture agreements. It has a portfolio of highly prospective projects with drill-ready targets focused on high grade silver, gold and base-metals, and a pipeline of prospects moving toward the drill assessment stage. The Company continues to seek out quality projects for exploration and development.

Caution Regarding Forward Looking Information.

This document contains forward looking statements concerning Silver City Minerals Limited. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Silver City's beliefs, opinions and estimates of Silver City Minerals as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future development.

Competent Persons

The information in this report that relates to Exploration Results is based on information compiled by Chris Torrey (BSc, MSc, RPGeo Mineral Exploration), who is a member of the Australian Institute of Geoscientists. Mr Torrey is the Managing Director, a shareholder and full time employee of Silver City Minerals Limited. Mr Torrey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as "Competent Persons" as defined by the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Torrey, consents to the inclusion in this Report of the matters based on this information in the form and context in which it appears.

CONTACT DETAILS

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Chris Torrey	Managing Director
Greg Jones	Non-Executive Director
Josh Puckridge	Non-Executive Director
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JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	• Diamond drilling. Sampling of half core over geologically significant zones. Samples are nominally 1 metre intervals but locally range between 0.3 and 2 metres. • No handheld instruments used.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Samples chosen for analyses on the basis of sulphide content and geological significance
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*	• Results, when received will be Material to this and future Public Reports
	• *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Copper Blow is a base metal-gold-cobalt project. To date elevated grades have been observed to occur in association with elevated sulphide content. Sampling is based on the visual estimation of sulphide content and/or intensity of alteration. The Company not only samples elevated sulphide zones but also up to 10 metres of adjacent wall rocks.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• HQ and NQ diamond core. Standard NQ predominates.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Core recoveries are recorded by the drillers in the field at the time of drilling and checked by a geologist or technician
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• Diamond core is reconstructed into continuous runs on an angle iron cradle for orientation marking and depths are checked against the depths recorded on core blocks. Rod counts are routinely undertaken by drillers. • When poor sample recovery is encountered during drilling, the geologist and driller have endeavoured to rectify the problem to ensure maximum sample recovery.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Relationship is not known at this time. Core recoveries have mostly been very high.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• All core has been geologically logged in detail that will support Mineral Resource estimation, mining at metallurgical studies
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• Qualitative geological logging, quantitative geotechnical logging, core photography (wet and dry) and core orientation have taken place

Criteria	JORC Code explanation	Commentary
	• *The total length and percentage of the relevant intersections logged.*	• All core (1042.8 metres) has been logged
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Core has been cut with a diamond core saw and half core submitted for analyses.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample size is appropriate to grain size and the nature of the rock
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• Sample types and the nature of the preparation is appropriate to the project
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Quality control includes detailed core recovery assessment and half core sampling to maximise representivity.
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• Core drilling is an appropriate method of ensuring representative sampling of mineralised zones and adjacent country rocks
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	•
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Analytical method for 35 elements including base metals was aqua regia ICP-AES and for gold a 30 gram charge fire assay with an AA finish (ALS Global Codes ME-ICP41 and OG46 and Au-AA25 www.alsglobal.com • The nature and quality of the analytical methods are appropriate to style of mineralisation anticipated and are of industry standard. • No analysis of analytical deviation from standards or duplicates has been undertaken. • The laboratory also has its own QAQC of systematic standard, repeats and duplicates.
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• No downhole or geochemical tools have been used
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• No external laboratory checks have been undertaken • Certified standards are inserted nominally every 40th sample • No results are available as yet to determine variability • The laboratory also has its own QAQC of systematic standard, repeats and duplicates.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• No results available yet
	• *The use of twinned holes.*	• No twinned holes
	• *Documentation of primary data, data entry procedures, data verification, data storage*	• Data is recorded on site using computer storage programmes and backed up at

Criteria	JORC Code explanation	Commentary
	(physical and electronic) protocols.	main office.
	• *Discuss any adjustment to assay data.*	• No data adjustment
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• Collars are currently surveyed by handheld GPS, however once all drilling has been completed a surveyor will document locations more accurately
	• *Specification of the grid system used.*	• MGA94 Zone 54
	• *Quality and adequacy of topographic control.*	• Regional DTM from airborne geophysical surveys and/or Shuttle Radar
Data spacing and distribution	• *Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• Data spacing and distribution will be sufficient to establish a degree of geological and grade continuity for Mineral Resources and Ore Reserve estimations.
	• *Whether sample compositing has been applied.*	• No compositing
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Drilling has be of sufficient density to determine that mineralised structures and veins have a northeasterly strike and are nearly vertical with steep dips both towards the northwest and southeast. Drill holes have been oriented perpendicular to strike at dip angles from horizontal of between 50 and 70 degrees. As such downhole intersections do not represent true thicknesses of mineralised zones. Depending on the angle of the hole at the intersection the true thickness may bey between 50 and 80% of the downhole intersection.
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Given the interpretation of the structure described above is of a high level of confidence the Company does not consider that the sampling gives a biased result. This public report only gives downhole thicknesses.
Sample security	• *The measures taken to ensure sample security.*	• Company personnel cut core in a locked yard facility and take bagged samples labelled with the laboratory address to a freight forwarding carrier for transport to the laboratory
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits have been undertaken

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• Drill holes outlined in this public report fall within EL 8255 which is subject a joint venture between Silver City Minerals and CBH Resources. A landowner access agreement is in place. Native Title has been extinguished.
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The tenure is secure under NSW legislation. There are no known impediments to operate.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Exploration done by other parties</td><td>• Acknowledgment and appraisal of exploration by other parties.</td><td>• Details previously outlined in ASX Release 4 May 2017.</td></tr>
<tr><td>Geology</td><td>• Deposit type, geological setting and style of mineralisation.</td><td>• Iron oxide copper-gold deposit hosting cobalt</td></tr>
<tr><td rowspan="2">Drill hole Information</td><td>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
○ easting and northing of the drill hole collar
○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
○ dip and azimuth of the hole
○ down hole length and interception depth
○ hole length.</td><td><table><tr><th>Hole No.</th><th>Total Depth (metres)</th><th>MGA East</th><th>MGA North</th><th>Elevation (metres)</th><th>Dip (degrees)</th><th>Azimuth (degrees)</th></tr><tr><td>17CB046</td><td>332.7</td><td>547675.8</td><td>6445195</td><td>235.236</td><td>-61.9</td><td>144.6</td></tr><tr><td>18CB052</td><td>300.4</td><td>547619</td><td>6445046</td><td>234</td><td>-62.9</td><td>144.6</td></tr><tr><td>18CB053</td><td>386</td><td>547648</td><td>6445134</td><td>238</td><td>-58</td><td>145</td></tr><tr><td>18CB054</td><td>246.7</td><td>547865</td><td>6445287</td><td>237</td><td>-58</td><td>145</td></tr></table></td></tr>
<tr><td>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</td><td>• No data is excluded. Analytical results are not yet available</td></tr>
<tr><td rowspan="3">Data aggregation methods</td><td>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.
•</td><td>• No results available as yet</td></tr>
<tr><td>• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</td><td>• No results available as yet</td></tr>
<tr><td>• The assumptions used for any reporting of metal equivalent values should be clearly stated.</td><td>• No results available as yet</td></tr>
<tr><td rowspan="2">Relationship between mineralisation widths and intercept lengths</td><td>• These relationships are particularly important in the reporting of Exploration Results.
• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</td><td>• Drilling has be of sufficient density to determine that mineralised structures and veins have a northeasterly strike and are nearly vertical with steep dips both towards the northwest and southeast. Drill holes have been oriented perpendicular to strike at dip angles from horizontal of between 50 and 70 degrees. As such downhole intersections do not represent true thicknesses of mineralised zones. Depending on the angle of the hole at the intersection the true thickness may bey between 50 and 80% of the downhole intersection.</td></tr>
<tr><td>• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg ‘down hole length, true width not known’).</td><td>• This public report only gives downhole thicknesses.</td></tr>
<tr><td>Diagrams</td><td>• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</td><td>• Annexure 1.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• No analyses available
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No new data
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• Continued drilling, metallurgical testwork, refer to body of text and Figures 5 an 6.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Refer to previous reports ASX 21 December 2017