

# ASX ANNOUNCEMENT

22 February 2018

# **Excellent Copper intersection at Copper Blow**

- > 41.2 metres at 1.3% copper and 0.40 g/t gold from 183.8 metres in North Zone
- > Copper mineralisation open at depth and along strike
- > Copper-gold grades increasing and zone thickening with depth
- > New cobalt intersection 10.78 metres at 0.09% cobalt from 288.36 metres in hole 17CB046

Silver City Minerals Limited (ASX: SCI) ("Silver City" or "the Company") is pleased to announce results from four diamond drill holes recently completed at Copper Blow, 20 kilometres south of Broken Hill.

The most significant copper-gold intersection is:

 41.2 metres at 1.3% copper and 0.40 g/t gold from 183.8 metres in hole 18CB054 including 7 metres at 2.0% copper and 0.99 g/t gold from 189 metres and 7 metres at 2.0% copper and 0.48 g/t gold from 208 metres.

The most significant cobalt intersection is:

### > 10.78 metres at 0.09% cobalt and 0.3% copper from 288.36 in hole 17CB046

#### Background

In recent ASX releases (22 January 2018 and 5 February 2018) the Company reported intersections of massive magnetite-sulphide veins (holes 18CB052 and 53 and 17CB046) and a zone of disseminated and banded copper mineralisation in hole 18CB054.

The Company reported that copper-gold mineralisation outlined in drill holes is hosted within two pod-like magnetic anomalies (North and South Zones) with a collective strike extent of 1 kilometre. These zones are interpreted to be separated by a fault and are located in the south-western part of a magnetic-high linear anomaly that extends for 4.5 kilometres to the northeast. This linear feature hosts an additional seven untested magnetic anomalies, all of which have potential to host copper-gold mineralisation (Figure 1).

The North and South Zones both host copper, gold and cobalt mineralisation within a northeast-trending biotite and magnetite-altered shear zone. The grade and morphology of the mineralised zones changes from South to North across the interpreted fault.

In the South Zone, veins and biotite and magnetite-bearing shears host sulphide mineralisation ranging in estimated true thickness from 0.3 to 10 metres. Grades are variable and this zone hosts some of the highest grade intersections encountered in the project to date (for example Hole CB09: **11.8 metres at 6.7% copper and 1.92 g/t gold** and 17CB041: **4 metres at 6.1% copper, 4.23 g/t Au, 13 g/t Ag and 220 ppm cobalt** including **1 metre at 11.3% copper, 10.7 g/t gold, 25 g/t silver and 405 ppm cobalt** ; ASX Releases 4 May 2017 and 5 October 2017).

In contrast the North Zone is characterised by a much broader zone of mineralisation from 25 to 50 metres estimated true thickness albeit at lower with more consistent grades (for example 97CBRC007: 84 metres at 0.6% copper and 0.10 g/t gold, including a footwall, higher grade zone of 12 metres at 1.3% copper and 0.32 g/t gold.

#### Results

#### Copper-Gold (Table 1)

Hole 18CB054 has returned a highly significant downhole intersection (**41.2 metres at 1.3% copper and 0.4 g/t gold**; Figure 3 and Plate 1). It indicates that copper-gold mineralisation is persistent from surface to depths of at least 200 metres. It shows that the mineralisation is open in all directions down-dip and along strike and that the grade and thickness are increasing with depth.

A longitudinal section (Figure 4) shows that there is no significant drilling between high grade intersections on Section 46-43 (South Zone) and Section 54-48 (North Zone) a distance of 150 metres.

The style of mineralisation in the North Zone suggests it may be amenable to extraction by open pit mining methods whereas the higher grade narrower zones in the South Zone may be amenable to underground mining techniques.

#### Cobalt (Table 2)

The South Zone continues to return highly anomalous intersections of cobalt with low copper values. These are hosted in pyrite-rich intersections and recent mineralogical work indicates the presence of cattierite (a cobalt sulphide;  $CoS_2$ ). Hole 17CB046 has intersected **10.78 metres at 900 ppm (0.09%) cobalt and 0.3% copper from 288.36 metres**. An intersection nearby in hole 17CB042 returned **5.2 metres at 0.14% cobalt** in similar rock (ASX Release 26 October 2017).

#### **Next Steps**

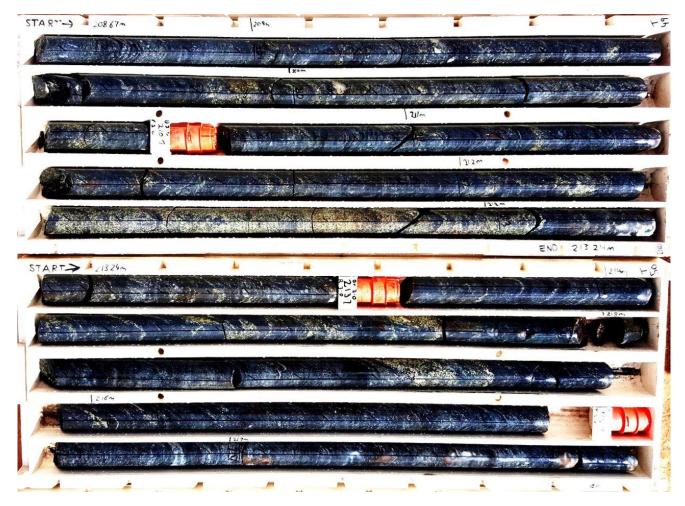
The Company proposes to immediately commence drilling a Phase 2 program.

The Company will test targets in the area immediately along strike and downdip from the intersection in hole 18CB054.

It will target the zones between the two highest grade sections (Section 46-43 and 54-48) and immediately beneath the North Zone magnetic anomaly (Figures 4 and 5).

In addition, the program will be designed to test magnetic/gravity anomalies along strike commencing with CB3, CB4 and CB5 (Figure 5).

The Company envisages 4000 to 5000 metres of combined RC and diamond drilling leading to initial resources estimation.



**Plate 1** Example of abundant copper mineralisation in magnetite rich rocks in hole 18CB054. Black is predominantly magnetite, biotite and quartz. Yellow-bronze speckle is sulphide dominated by chalcopyrite (copper sulphide).

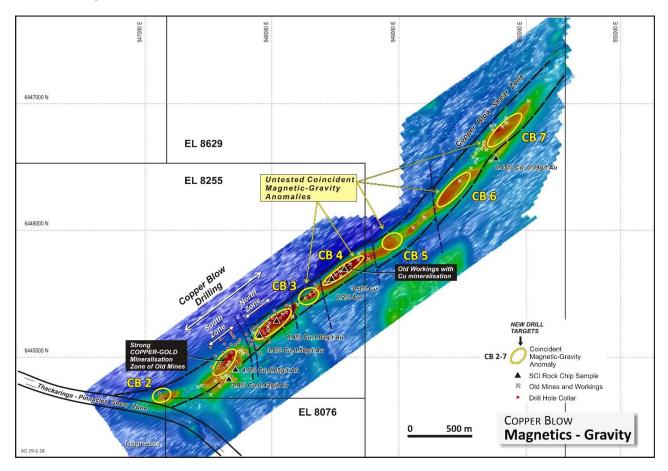
Hole Number	From (metres)	Interval (metres)	Copper (%)	Gold (g/t)	Copper Cutoff(%) if applicable
18CB054	183.8	41.2	1.3	0.42	0.5
	183	47	1.2	0.36	0.1
Includes	189	7	2.0	0.99	1.0
and	208	7	2.0	0.48	1.0
18CB052	134	0.4	1.5	0.10	1.0
	185.5	2.5	2.4	0.16	1.0
	244	0.3	1.4	0.16	1.0
18CB053	177	1	2.7	0.51	1.0
	187	1	1.4	0.12	1.0
	246.28	0.72	1.1	0.35	1.0
	252.34	0.77	1.8	0.24	1.0
	284.65	1.47	1.9	0.25	1.0
	289.48	0.52	2.7	0.45	1.0
17CB046	288.36	22.44	0.3	0.04	0.1

## Table 1 Copper-Gold Intersections

## Table 2 Significant Cobalt Intersections

Hole Number	From (metres)	Interval (metres)	Copper (%)	Gold (g/t)	Cobalt (ppm) or % as indicated
18CB052	261.6	2.1	0.3	0.04	0.18%
18CB053	341	4	0.2	0.05	0.17%
	352	3	0.3	0.10	0.20%
17CB046	288.36	10.78	0.3	0.01	0.09%

#### Annexure 1 Figures



**Figure 1** 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.

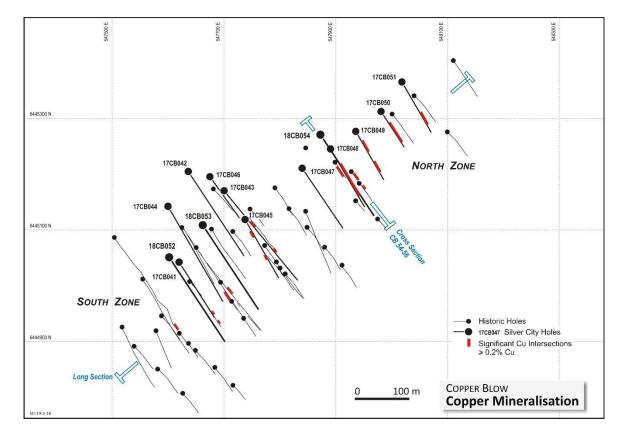
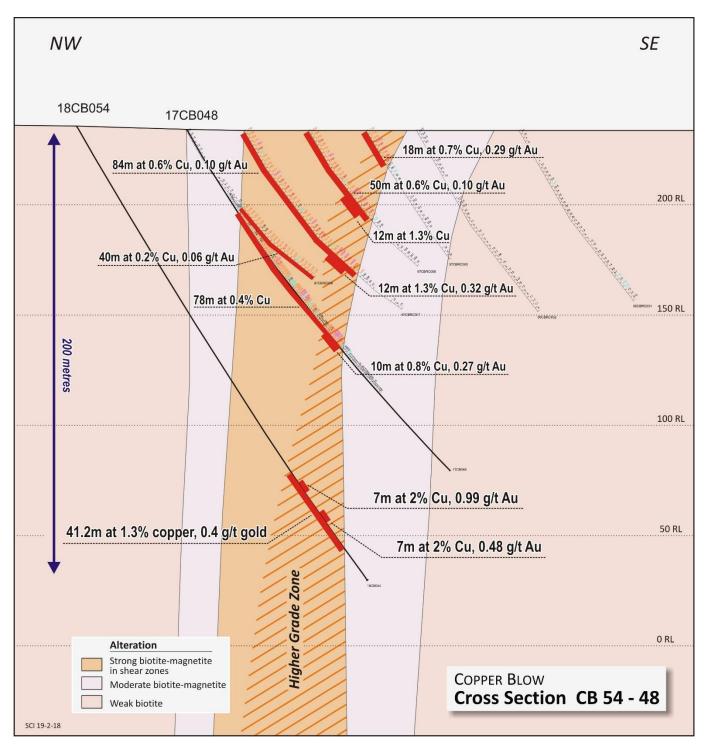
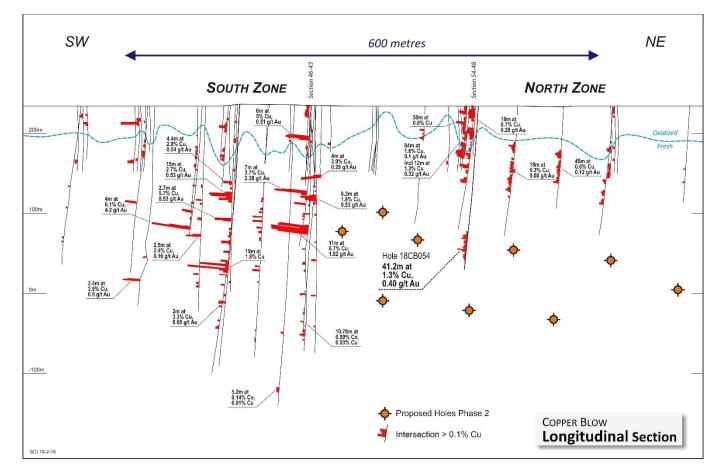


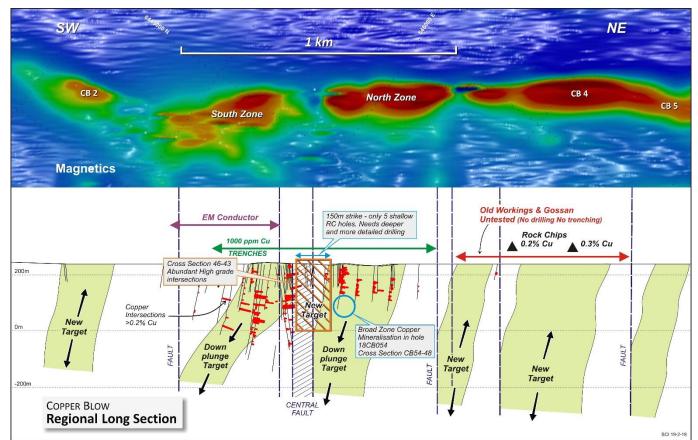
Figure 2 Copper Blow drill hole locations with significant mineralisation represented as red bars on drill traces.



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



**Figure 4** Composite longitudinal section showing extent of drilling and significant intersections. The zone between hole 54 (Section 54-48) and high grade intersections in Section 46-43 has very little drilling (over approximately 150 metres of strike). Piercement points of proposed Phase 2 drilling are shown.



**Figure 5** Composite longitudinal section and magnetic plan showing the anomalous pods and the corresponding interpretation of plunging mineralised copper-gold shoots. RC drilling planned for anomalies CB2, CB3, CB4 and CB5.

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**

Management and Directors		Register	ed Office
Bob Besley	Chairman	Level 1, 8	80 Chandos Street,
Chris Torrey	Managing Director	St Leona	rds, NSW 2065, Australia
Greg Jones	Non-Executive Director	PO Box 9	956, Crows Nest, NSW 1585, Australia
Josh Puckridge	Non-Executive Director	Ph:	+61 2 9437 1737
Ivo Polovineo	Company Secretary	Fax:	+61 2 9906 5233
		Email:	info@silvercityminerals.com.au
		Web:	www.silvercityminerals.com.au

# 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.	<ul> <li>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.</li> <li>No handheld instruments used.</li> </ul>
	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
	<ul> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 measure the formula of the observation of the formula of the formula of the observation of</li></ul>	<ul> <li>Results are Material to this and future Public Reports</li> <li>Copper Blow is a base metal-gold-cobalt project. To date elevated grades have been observed to occur in association</li> </ul>
	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.	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	<ul> <li>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).</li> </ul>	HQ and NQ diamond core. Standard NQ- 2 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.	<ul> <li>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.</li> <li>When poor sample recovery is encountered during drilling, the geologist and driller have endeavoured to rectify the problem to ensure maximum sample recovery.</li> </ul>
	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 and geotechnically logged in detail that will support Mineral Resource estimation, mining at metallurgical studies
	<ul> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> </ul>	<ul> <li>Qualitative geological logging, quantitative geotechnical logging, core photography (wet and dry) and core orientation have taken place. Specific gravity measurements have been taken</li> </ul>

Criteria	JORC Code explanation	Commentary
		nominally every 5 metres
	• 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.
	<ul> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> </ul>	<ul> <li>Sample size is appropriate to grain size and the nature of the rock</li> <li>Sample types and the nature of the preparation is appropriate to the project</li> </ul>
	<ul> <li>Quality control procedures adopted for all sub- sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is</li> </ul>	<ul> <li>Quality control includes detailed core recovery assessment and half core sampling to maximise representivity.</li> <li>Core drilling is an appropriate method of</li> </ul>
	representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	ensuring representative sampling of mineralised zones and adjacent country rocks
	<ul> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> </ul>	All core
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.	<ul> <li>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 <u>www.alsglobal.com</u></li> </ul>
		<ul> <li>The nature and quality of the analytical methods are appropriate to style of mineralisation anticipated and are of industry standard.</li> <li>The laboratory also has its own QAQC of</li> </ul>
		systematic standard, repeats and duplicates.
	<ul> <li>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.</li> </ul>	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.	<ul> <li>No external laboratory checks have been undertaken</li> <li>Certified standards are inserted nominally every 40<sup>th</sup> sample</li> <li>No significant analytical deviation from standards has been noted.</li> <li>The laboratory also has its own QAQC of systematic standard, repeats and duplicates.</li> </ul>
Verification of sampling and assaying	<ul> <li>The verification of significant intersections by either independent or alternative company personnel.</li> </ul>	Verification by other company personnel has taken place
	The use of twinned holes.	No twinned holes
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	• Data is recorded on site a using computer storage program and backed up at main office.
	Discuss any adjustment to assay data.	No data adjustment

Criteria	JORC Code explanation	Commentary
Location of data points	<ul> <li>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.</li> </ul>	Registered surveyor DGPS survey
	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	<ul> <li>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.</li> </ul>	<ul> <li>Data spacing and distribution will be sufficient to establish a degree of geological and grade continuity for Mineral Resources and Ore Reserve estimations.</li> </ul>
	• 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.	<ul> <li>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.</li> <li>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 mayby between 50 and 80% of the downhole intersection.</li> </ul>
	<ul> <li>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.</li> </ul>	<ul> <li>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.</li> </ul>
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	<ul> <li>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.</li> </ul>	<ul> <li>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.</li> </ul>
	<ul> <li>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.</li> </ul>	<ul> <li>The tenure is secure under NSW legislation. There are no known impediments to operate.</li> </ul>
Exploration done by	<ul> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul> <li>Details previously outlined in ASX Release 4 May 2017.</li> </ul>

Criteria	JORC Code explanation	Commentary
other parties		
Geology	Deposit type, geological setting and style of mineralisation.	Iron oxide copper-gold deposit hosting cobalt
Drill hole Information	<ul> <li>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:         <ul> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> </ul>	Total Depth         MGA         Elevation (metres)         Dip         Azimuth           Hole No.         (metres)         MGA East         North         (metres)         (degrees)         (degrees)           17CB046         332.7         547675.8         6445195         235.236         -61.9         144.6           18CB052         300.4         547619         6445134         238         -58         144.6           18CB053         386         547648         6445134         238         -58         145           18CB054         246.7         547865         6445287         237         -58         145
	<ul> <li>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.</li> </ul>	<ul> <li>Data which is of lower grade than stated cutoffs is not included in this report. The focus is on likely zones of mineralisation and these are visually distinctive.</li> </ul>
Data aggregation methods	<ul> <li>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.</li> </ul>	<ul> <li>Normal weight averaging techniques are used. No upper cuts are applied. The lower cutoff is indicated and this may include up to 3 metres of nominally lower grade.</li> </ul>
	<ul> <li>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.</li> </ul>	<ul> <li>No significant short lengths of high grade are included.</li> </ul>
	<ul> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	No equivalents are reported
Relationshi p between mineralisati on widths and intercept lengths	<ul> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> </ul>	<ul> <li>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.</li> </ul>
	<ul> <li>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').</li> </ul>	• This public report only gives downhole thicknesses. Estimates of true thickness are indicated in the report as ranges only.
Diagrams	<ul> <li>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.</li> </ul>	Annexure 1.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable,	Exploration results outlined in this Public Report reflect visual abundances of

Criteria	JORC Code explanation	Commentary
	representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	sulphides and/or the presence of strong alteration. Where there is no sulphide there is little or no significant grade
Other substantive exploration data	<ul> <li>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.</li> </ul>	No new data
Further work	<ul> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of</li> </ul>	<ul> <li>Continued drilling, metallurgical testwork, refer to body of text</li> <li>Refer to previous reports ASX 21 December</li> </ul>
	possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	2017