SILVER CITY MINERALS LIMITED

ASX ANNOUNCEMENT

27 March 2018

Excellent Results from Preliminary Metallurgy at Copper Blow

High copper and cobalt recoveries from initial flotation testwork

Copper

- 97% Cu recovery to a rougher float concentrate grading 26% Cu on drill samples grading 7.6% Cu
- 95% Cu recovery to a rougher float concentrate grading 14.5% Cu on drill samples grading 0.92% Cu

Cobalt

- 93% Co recovery to a first stage rougher pyrite concentrate grading 0.52% Co on pyrite rich drill samples grading 0.13% Co
- 69% Co recovery to a rougher copper concentrate grading 0.06% Co on drill samples grading 7.6% Cu and 0.03% Co.

Cleaner float stage work in progress is expected to deliver higher grade concentrate results

Silver City Minerals Limited (ASX: SCI) ("Silver City" or "the Company") is pleased to announce preliminary results from three metallurgical samples from Copper Blow located 20 kilometres south of Broken Hill. This preliminary work was designed to give an early indication of the amenability of the various mineralisation styles to sulphide flotation. These results presented here are considered to be highly encouraging.

Metallurgical Samples

Each sample represents a style of mineralisation prevalent at Copper Blow. These have been classified on the basis of their copper or cobalt content and selected from recent SCI drill holes (Table 1).

The Cobalt sample is located in the South Zone and is hosted in core hole 17CB042. It consists of abundant pyrite within a magnetite-quartz-rich rock (Figures 1 and 2).

The High Grade Copper sample is similarly located in the South Zone and is hosted in RC hole 17CB041. It is enriched in copper and gold and comprises veins of magnetite-quartz-rich rock.

The Lower Grade Copper sample is located in the North Zone where mineralisation is recorded over broad downhole distances (25 to 80 metres), has more consistent grade (in the range of 0.4 to 1.3% copper and 0.1 to 0.5 g/t gold) and occurs as bandings and disseminations in a magnetite-quartz-rich shear zone (ASX reports 4 May 2017, 26 October 2017 and 22 February 2018).

Table 1 Sample Location, Type and Head Grades for Metallurgical Testwork

	Classification	Sample Type	From (metres)	Sample Interval (metres)	Copper (%)	Gold (ppm)	Cobalt (%)
17CB042	Cobalt	Quarter Core	400	3	0.02	0.01	0.13
17CB041	High Grade Copper	RC Chips	189	3	7.56	3.26	0.03
17CB048	Lower Grade Copper	RC Chips	111	10	0.92	0.31	0.02

Testwork

The preliminary testwork program consists of two rougher flotation tests for each copper sample and a single rougher test for the cobalt sample, followed by one rougher-cleaner test for each sample. The grind sizes corresponding to the reported rougher flotation results are P80 75 microns for both copper samples and P80 40 microns for the cobalt samples. The grind sizes were selected on the basis of mineralogical examinations.

The flotation testwork was carried out by the AAML metallurgical testing laboratory at West Gosford, NSW, under the direction of metallurgical consultant Mr. Alan Taylor FAUSIMM(CP). Blackburn, VIC. Mineralogy was by MODA, Burnie TAS.

Results

The Company has received preliminary results for rougher flotation tests. These include recoveries for copper and cobalt with analytical results for gold still pending. A summary of results is shown in Table 2.

Table 2 Results from preliminary rougher flotation tests

	Head Grades		Recovery (%)		Concentrate Grade	
Classification	Copper (%)	Cobalt (%)	Copper	Cobalt	Copper (%)	Cobalt (%)
Cobalt	0.02	0.13	44	93	0.07	0.52
High Grade Copper	7.56	0.03	97	69	26	0.06
Lower Grade Copper	0.92	0.02	95	45	14.5	0.16

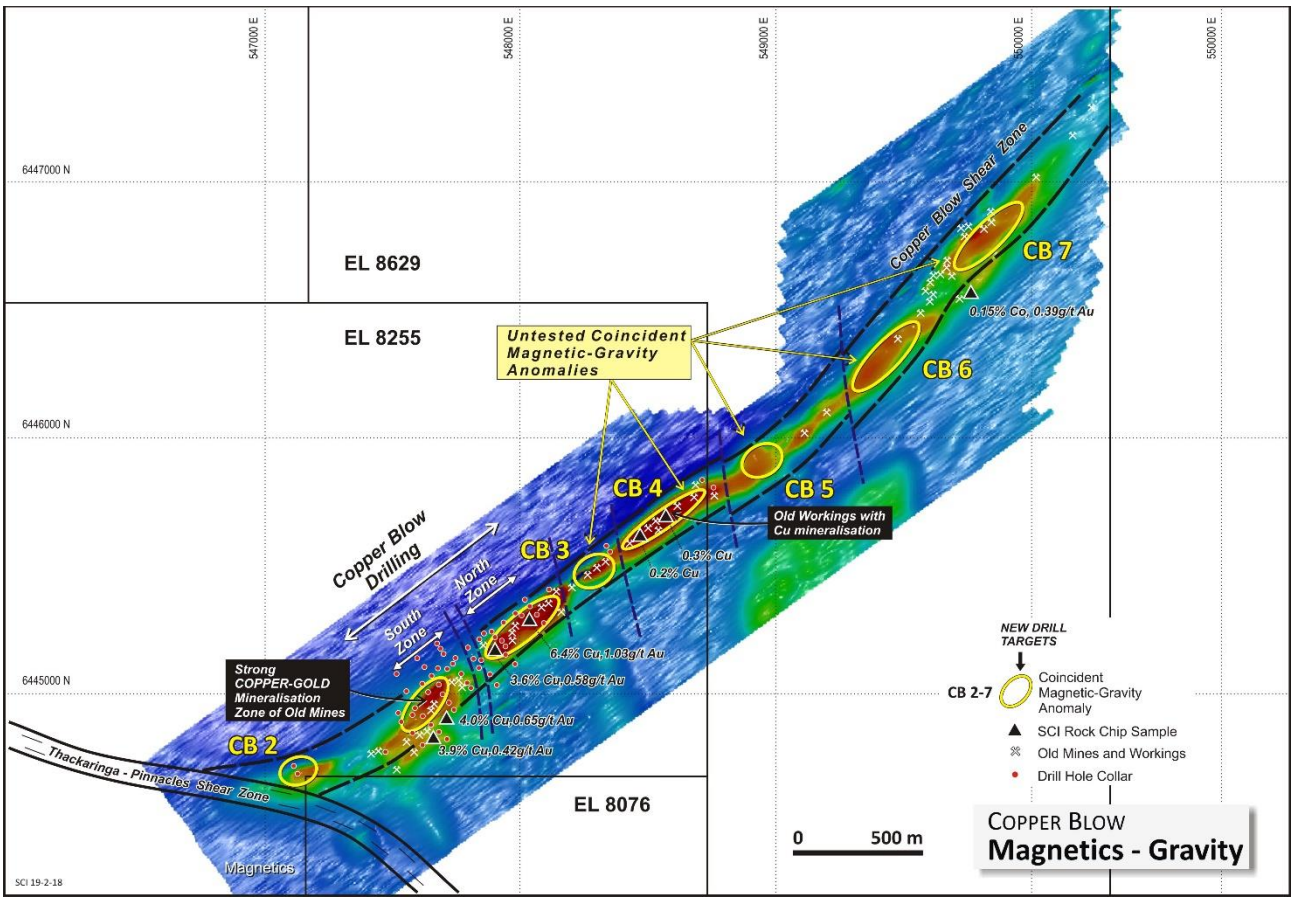

Figure 1 Magnetic image of the Copper Blow trend. Diagram shows the main area of drilling represented in Figure 2 (below), including the North and South Zones.

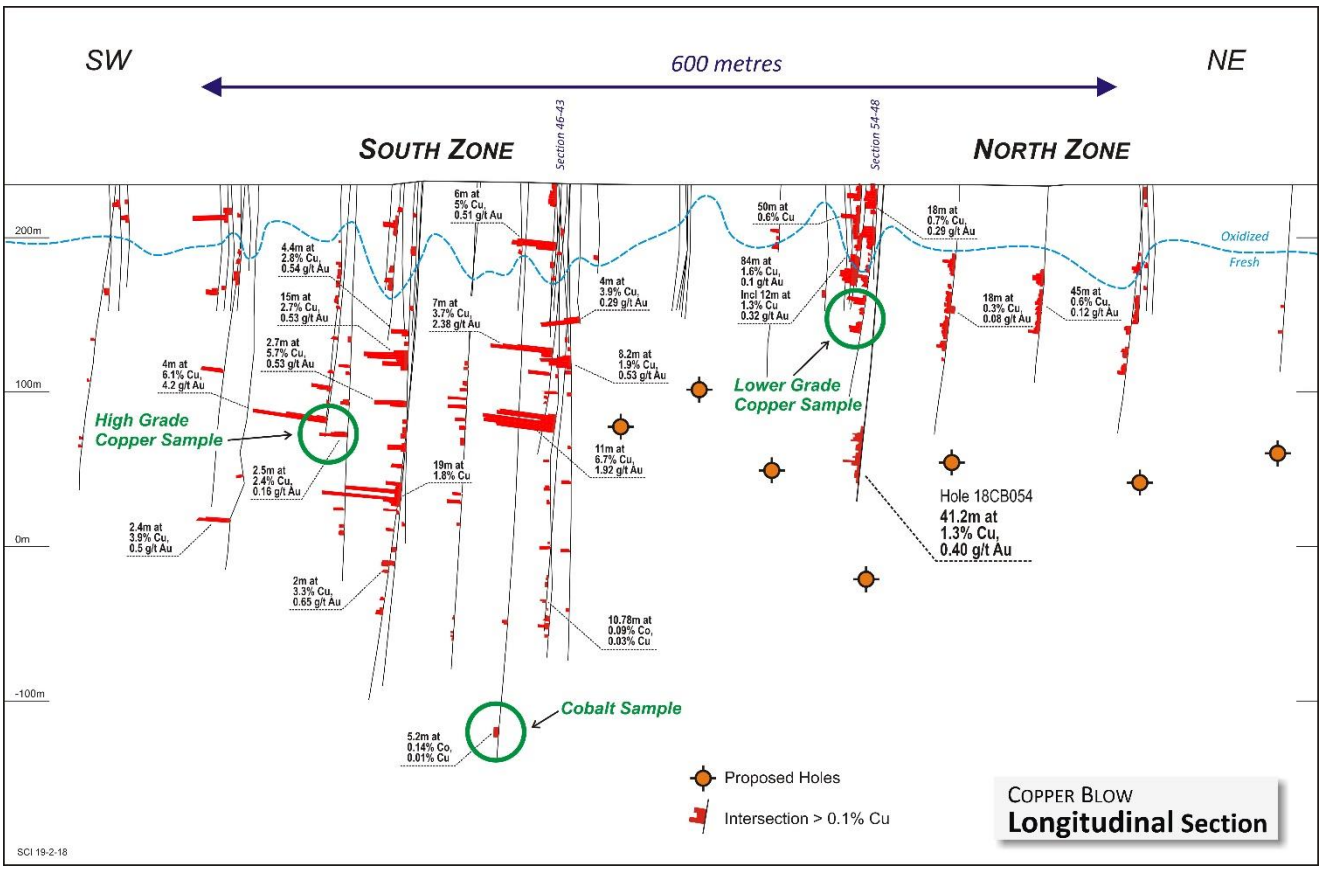

Figure 2 Longitudinal section shows significant drill hole intersections and the location (in green circles) of the metallurgical samples referred to in this report.

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

Management and Directors		Registered Office	
Bob Besley	Chairman	Level 1, 80 Chandos Street,	
Chris Torrey	Managing Director	St Leonards, NSW 2065, Australia	
Greg Jones	Non-Executive Director	PO Box 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.*	• Report refers specifically to three samples collected for metallurgy
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Samples are considered to be representative of specific styles of mineralisation
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*	• Results are 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.*	• Samples were either of quarter HQ core or speared samples of RC drill chips
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 core and RC drill chips
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Standard core recovery measurements and no method for RC chips
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• No measures
	• *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.*	• None known
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.*	• Samples have been logged in detail and will support Mineral Resources estimation, mining and specifically metallurgical studies
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• qualitative
	• *The total length and percentage of the relevant intersections logged.*	• Three samples referred to in this report
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• core sample was diamond-saw cut to quarter core
	• *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

Criteria	JORC Code explanation	Commentary
	• *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.*	• Report refers to three metallurgical samples
	• *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 and RC 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.*	• RC holes spear sampled
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.*	• Cu and Co by 4 acid digest ICP-MS and for gold a 30 gram charge fire assay with an AA finish (ALS Global Codes ME-ICP61 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. • 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 • No Certified standards were used • No significant analytical deviation from standards has been noted. • 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.*	• 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
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.*	• 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	• *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*	• Three metallurgical samples referred to in this report are not sufficient to establish continuity for Resource or Reserve studies

Criteria	JORC Code explanation	Commentary
	estimation procedure(s) and classifications applied.	
	• *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.*	• Report refers to three metallurgical samples only
	• *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.*	• Report refers to three metallurgical samples only
Sample security	• *The measures taken to ensure sample security.*	• none
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.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Details previously outlined in ASX Release 4 May 2017,)
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Iron oxide copper-gold deposit hosting cobalt
Drill hole Information	• *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.*	• Reported previously (ASX 5 October 2017, 26 October 2017)
	• *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.*	• Report refers to three metallurgical samples only
Data aggregation methods	• *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*	• No weight averaging used. Report refers to three metallurgical samples only

Criteria	JORC Code explanation	Commentary
	and should be stated. •	
	• *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.*	• No significant short lengths of high grade are included.
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No equivalents are reported
Relationship between mineralisation widths and intercept lengths	• *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.*	• Report refers to three metallurgical samples only
	• *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').*	• This public report only gives downhole thicknesses. Estimates of true thickness are indicated in the report as ranges only.
Diagrams	• *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.*	• See body of text
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.*	• Report refers to three metallurgical samples only.
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.*	• Results in this report represent preliminary metallurgical testwork for Copper Blow
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,
	• *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