SILVER CITY MINERALS LIMITED

ASX ANNOUNCEMENT

21 May 2018

New Copper Sulphide Intersections at Copper Blow

- **65 metres copper-bearing intersection in hole 18CB055 from 178 metres**
- **30 metres copper-bearing intersection in hole 18CB057 from 270 metres**
- **26 metres copper-bearing intersection in hole 18CB058 from 139 metres**
- **21 metres copper-bearing intersection in hole 18CB056 from 123 metres**
- **Copper mineralisation in new holes extends at least 250 metres along strike**
- **Mineralisation continuous to depths of at least 270 metres**
- **Open at depth and along strike**
- **Drilling is ongoing**

Silver City Minerals Limited (ASX: SCI) ("Silver City" or "the Company") is pleased to announce that significant copper sulphide mineralisation has been intersected in four new diamond drill holes at Copper Blow 20 kilometres south of Broken Hill. Mineralisation is hosted in intense magnetite, quartz and biotite-rich alteration within a shear zone which extends for over four kilometres along strike.

Plate 1 Example of sulphide-rich magnetite rock from hole 18CB058 (core length approx. 15 cm). Bright speckle is a combination of copper and iron sulphide. Black is magnetite.

Background

The focus of recent drilling has been the North Zone represented by a magnetic anomaly which is 450 metres long and up to 80 metres wide. It is just one of seven strong magnetic anomalies along the shear zone (Figure 1).

The rock in this zone produces a distinctive induced polarisation geophysical anomaly which is attributed to the presence of abundant copper and iron sulphide hosted within a magnetite body. Drilling suggests it is particularly enriched in copper sulphide.

In January this year the Company drilled a hole to test the North Zone at depth. Hole 18CB054 returned an intersection of **42.2 metres at 1.3% copper and 0.4 g/t gold** in a magnetite-rich rock at a vertical depth of 200 metres. (ASX Release 22 February 2018). This is considered to be a significant copper-gold intersection.

Hole 18CB054 and several historic RC holes at shallower depths indicated that a broad zone of copper-gold mineralisation extended from surface to at least 200 metres.

Copper Blow is located close to the large mining and infrastructure facilities at Broken Hill.

Recent Drilling

A follow-up drilling program on the North Zone is ongoing, with four diamond drill holes completed and another two currently under way. In addition RC drilling has been completed in three holes immediately southwest and northeast of the zone. Other targets to the northeast and southwest of the North Zone have been or will be tested as part of this program. To date 11 holes have been completed.

A brief description of the diamond holes in the North Zone follows:

Hole 18CB055

This hole is located 50 metres to the northeast of hole 18CB054 and was drilled to test for extensions to copper-gold mineralisation at the same depth as the 18CB054 intersection.

It encountered strong magnetite-quartz-biotite rock in a high strain zone over a downhole width of 85 metres from 158 metres. This translates to a zone of intense alteration in the order of 50 to 55 metres in true thickness.

Within this there are disseminated and stringer sulphides including chalcopyrite (copper-iron sulphide) and pyrite (iron sulphide) that range on abundances from 0.5 to 5% of the total rock. The intersection is dominated by chalcopyrite with localised bornite (both copper sulphides). This **sulphide zone extends for 65 metres downhole** from 178 metres giving an estimated true thickness of 25 to 35 metres.

Hole 18CB056

This hole is located 40 metres to the southwest of hole 18CB054 and was drilled to assess the southern extent of copper-gold mineralisation. The hole drilled the south-eastern margin of the North Zone magnetic anomaly where a fault has been interpreted.

It intersected 40 metres of magnetite-rich rock from 123 metres and approximately 0.5 to 2% disseminated sulphides from 123 to 144 metres, an overall zone of 21 metres downhole. The sulphides are dominated by chalcopyrite.

Hole 18CB057

This hole was drilled from the southwest and was designed to drill 100 metres directly beneath the intersection in hole 18CB054. It encountered 60 metres of strong magnetite-quartz-biotite alteration in a high strain zone from 270 metres. A sulphide-rich zone, dominated by chalcopyrite, extends from 270 metres to 300 metres (30 metres downhole and approximately 15 metres true thickness).

From 270 to 285 metres the sulphides occur in intermittent 30 to 50 centimetre zones with up to 15-20% copper-dominated sulphide (Plate 1). These are mixed with zones of disseminated sulphide (approximately 1%). From 285 to 300 metres sulphides range from 0.5 to 5% and are dominated by chalcopyrite.

Hole 18CB058

This hole located 120 metres northeast of 18CB054 was designed to intersect copper-gold mineralisation within the magnetic anomaly at a depth of 120 to 130 metres below surface. It intersected strong magnetite-quartz-biotite rock in the shear zone over a downhole interval of 42 metres from 139 metres.

Within this, a sulphide-rich zone (0.5 to 5%), dominated by chalcopyrite extends from 139 to 165 metres (26 metres). This translates to approximately 15 metres true thickness.

What does this mean?

The drilling in the North Zone indicates that copper-gold mineralisation is hosted in a magnetite-quartz-biotite-rich rock which is a product of intense iron, silica and potassium alteration. It is hosted in a shear zone that is up to 60 metres wide within an alteration halo which is at least 200 metres wide. The shear zone is vertical or steeply dipping.

Hydrothermal fluids have entered the shear zone, first depositing the magnetite, then iron sulphides hosting cobalt, then copper-gold-bearing sulphides.

Five diamond drill holes, including hole 18CB054 drilled in January, have intersected appreciable copper sulphide mineralisation ranging in estimated true thickness from 15 to 35 metres.

While drilling is ongoing, interpretation of holes at hand suggest a strike length of continuous mineralisation of at least 250 metres. Deeper drilling in 18CB057 similarly suggests continuous mineralisation from surface to a vertical depth of at least 270 metres. Mineralisation is open in all directions.

At the time of writing the Company was waiting on analytical results for all holes in the current program. Diamond holes 55 and 56 are expected shortly. Holes 57 and 58 were being logged and sampled. Hole 60 is currently being drilled. Results for all RC holes are pending.

Sulphide mineralisation in all four recent diamond holes has much the same visual appearance as that in hole 18CB054 which returned grades of 1.3% copper and 0.4 g/t gold over 41.2 metres (ASX Release 22 February 2018).

The North Zone forms just a small segment of the larger shear zone which hosts similar magnetic anomalies over 4.5 kilometres in strike. These, and recently discovered induced polarisation geophysical targets provide significant potential for more copper-gold mineralisation.

Plate 2 Example of the style of mineralisation encountered in intersections from the North Zone. This example is from hole 18CB057: 268 -299m. Black rock is magnetite. Fine yellow-bronze speckle and stripes throughout the rock is a predominantly chalcopyrite

Table 1 Drill Hole Specifications

Hole Number	MGA East (m)	MGA North (m)	Elevation (m)	Dip (degrees)	Azimuth (degrees)	Metres RC	Metres diamond	Total Metres
18CB055	547906	6445321	233.4	-59.8	150	0	301	301
18CB056	547844	6445257	234.2	-60.1	144.1	0	271	271
18CB057	548016	6445065	235.0	-59	325.9	200	204.8	404.8
18CB058	548071	6445209	235.0	-58.8	325.6	108	163	271

Annexure 1 Figures

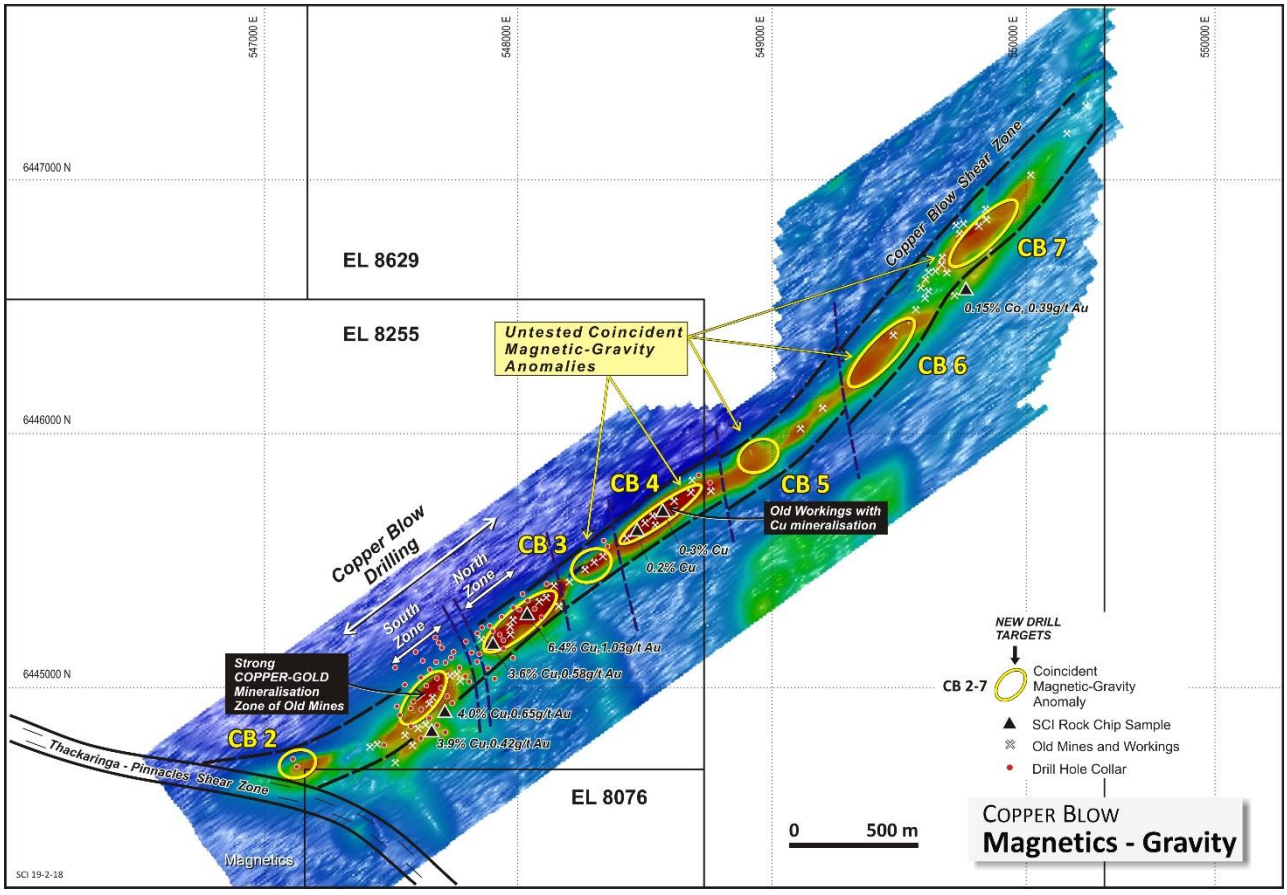

Figure 1 Detailed ground magnetic survey reduced to pole image. Shows a series of coincident magnetic/gravity anomalies. In addition to the North and South Zones at Copper Blow there are seven targets all of which might host copper mineralisation.

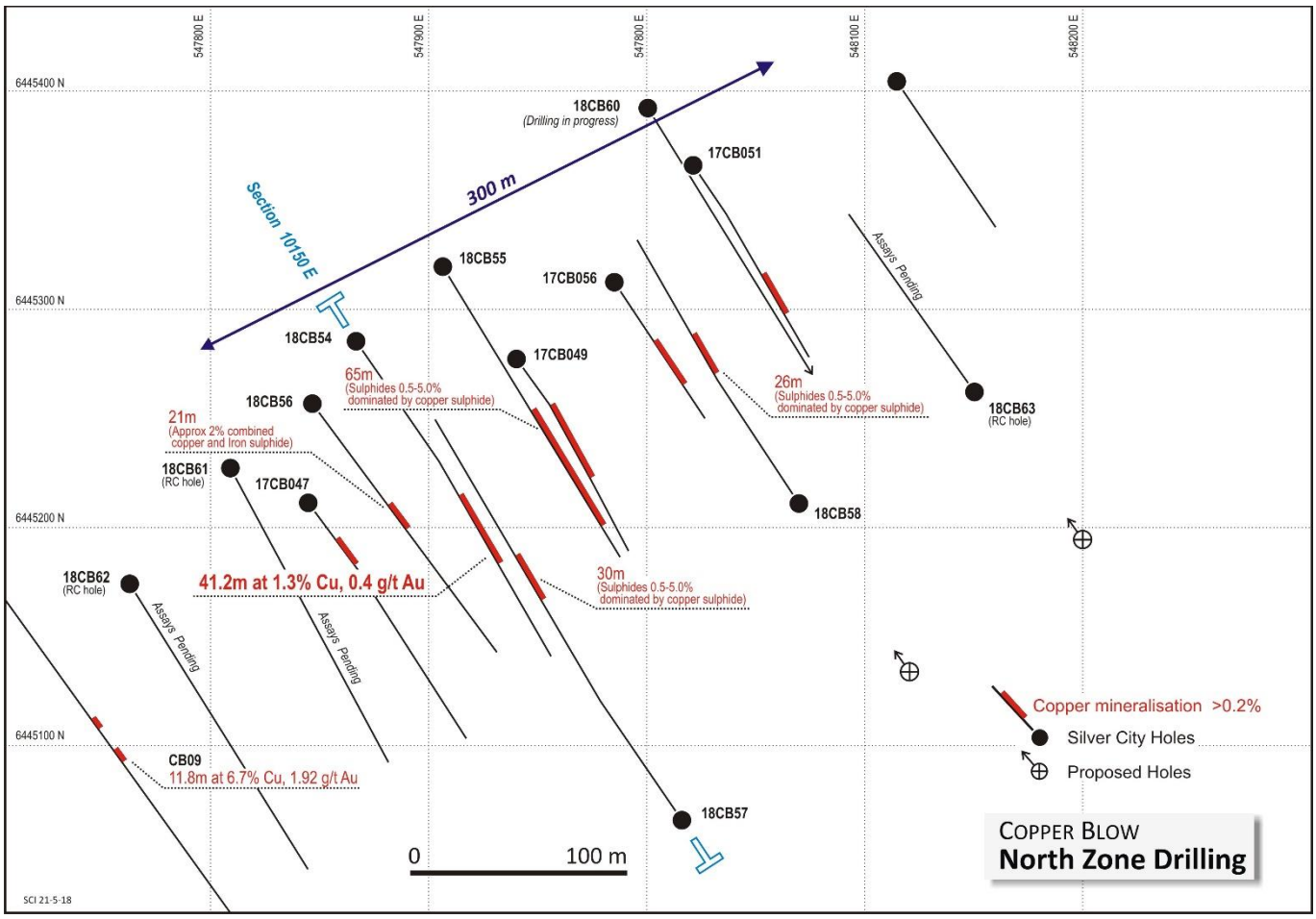

Figure 2 North Zone drill plan. The focus of recent drilling has been to assess the extent and continuity of copper-gold mineralisation within the zone proximal to mineralisation already encountered in hole 18CB054. Analytical results for all holes from the current program are pending with holes 55 and 56 expected within two weeks. For clarity historic RC holes have been omitted from this diagram.

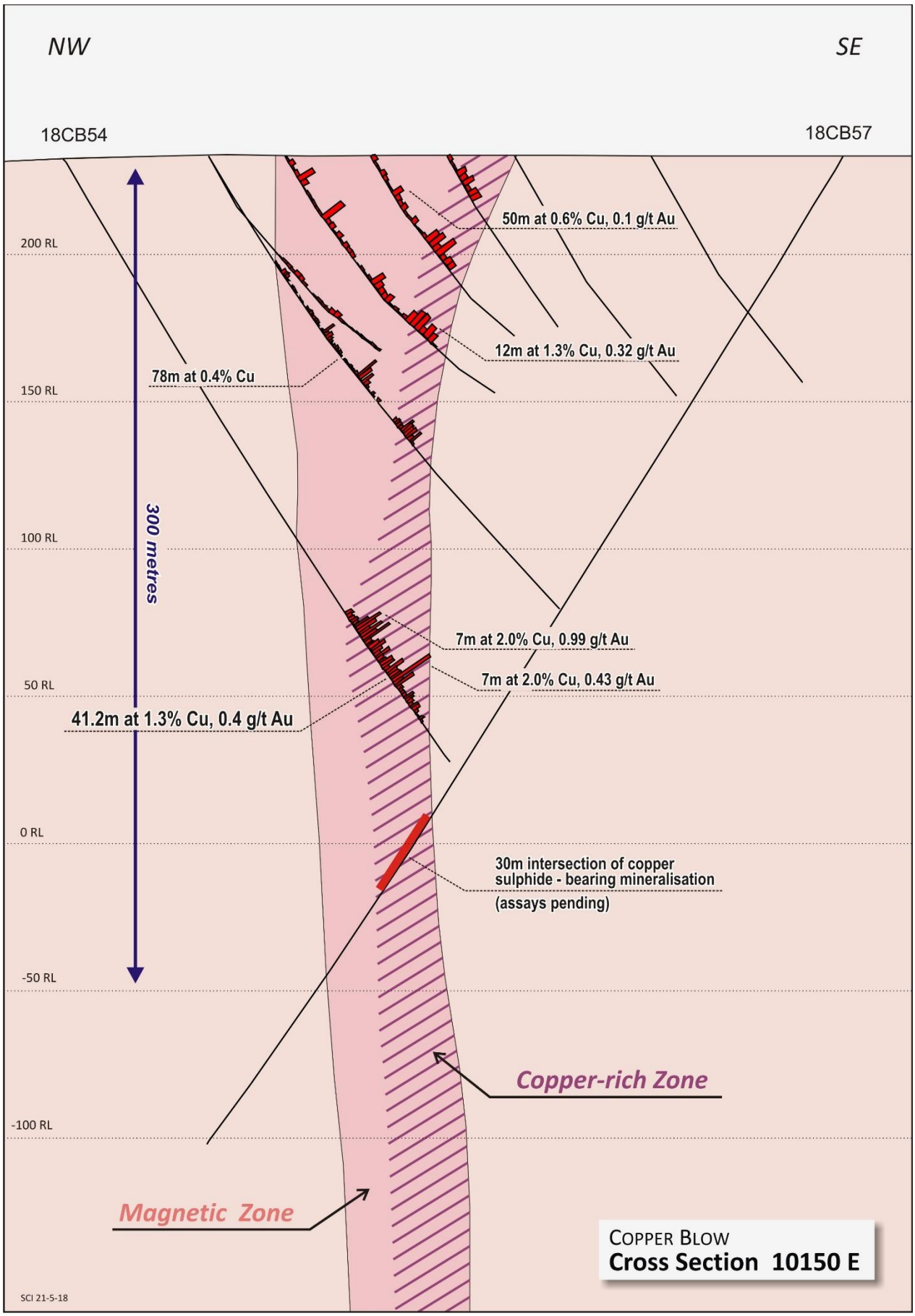

Figure 3 Cross-section showing new hole 18CB057 in relation to hole 18CB054. The sulphide mineralisation is persistent to depth and indicates mineralisation extends to depths of at least 270 metres.

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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Greg Jones	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.*	• This report refers to visual observations of geology in four diamond drill holes. Continued drilling and sampling is ongoing and will be reported as data becomes available
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Report refers to visual observations of core
	• *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.*	• Report refers to visual observations of core
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-2 predominates. Core has been drilled from surface and as tails to RC holes (Table 1 in body of report). Core orientation has been recorded using the xxxx method. Downhole surveys have been taken nominally every 30 metres using a gyro-orientation system due to the abundance of magnetite in the target zone.
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 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

Criteria	JORC Code explanation	Commentary
	• *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. Specific gravity measurements will be taken nominally every 5 metres
	• *The total length and percentage of the relevant intersections logged.*	• Work is ongoing. A total of 572 metres in holes 18CB055 and 56 and 100% of relevant intersections have been logged to date.
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.*	• Core only reported here
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.*	• Samples for some holes have been submitted but are not reported here • 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. • 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 assessment has been undertaken as results are pending • The laboratory also has its own QAQC of systematic standard, repeats and duplicates.
Verification of sampling	• *The verification of significant intersections by either independent or alternative company*	• Verification by other company personnel has not taken place as results are

Criteria	JORC Code explanation	Commentary
and assaying	*personnel.*	pending
	• *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.*	• Hole to be surveyed by a registered surveyor DGPS survey
	• *Specification of the grid system used.*	• MGA94 Zone 54
	• *Quality and adequacy of topographic control.*	• Drone survey to millimetre accuracy
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 mayby 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 gives downhole thicknesses and estimates of true 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	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures,*	• Drill holes outlined in this public report fall within EL 8255 which is subject a joint venture between Silver City Minerals and

Criteria	JORC Code explanation	Commentary
tenure status	*partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	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:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.*	See Table 1 in body of the report
	• *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 visual observations of core
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 and should be stated.* •	• Report refers to visual observations of core
	• *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.*	• Report refers to visual observations of core
	• *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.*	• 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 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 gives downhole thicknesses and estimates of true thicknesses.

Criteria	JORC Code explanation	Commentary
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.*	• Annexure 1.
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.*	• Exploration results outlined in this Public Report reflect visual abundances of sulphides and/or the presence of strong alteration.
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, continued IP geophysical surveys and surface geochemical sampling. Refer to body of text
	• *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