SILVER CITY MINERALS LIMITED

ASX ANNOUNCEMENT

12 June 2018

New Copper-Gold Targets Expand Copper Blow

- **Copper Blow forms part of a much larger mineralised system**
- **Surveys outline multiple new copper-gold targets**
- **Geophysics indicates an extensive hydrothermal system with potential to host large scale copper-gold mineralisation**
- **Surface geochemistry similar to Copper Blow**
- **Potential for new style of mineralisation including hematite and intrusion-related copper-gold mineralisation**

Silver City Minerals Limited (ASX: SCI) ("Silver City" or "the Company") is pleased to announce results of three dimensional modelling of induced polarisation (IP) geophysical data at Copper Blow located 20 kilometres south of Broken Hill.

Results suggest that copper-gold mineralisation associated with a magnetite-rich shear zone at Copper Blow is only part of a much larger zone of hydrothermal alteration which has potential to host significant copper-gold mineralisation.

Rock chip sampling of new anomalies show they have a similar geochemical signature to Copper Blow.

The North and South mineralised zones which have been the focus of SCI drilling, form the north-western margin of a large zone of anomalism which has a circular appearance in plan view and is approximately one kilometres in diameter (Figure 1). Analytical results for seven drill holes completed in the last month are pending.

This large area of elevated IP chargeability is poorly exposed at surface and has never been drill tested.

Background

In a recent ASX release (2 May 2018) the Company reported on results of an IP survey and presented a map of chargeability based on a gradient array IP configuration. New zones of anomalous chargeability not associated with magnetite were noted. The Company suggested these might be responding to sulphide mineralisation associated with hematite, a non-magnetic iron oxide.

In addition to the gradient array survey, a limited trial using a different configuration (dipole-dipole) was surveyed over known mineralisation where hole 18CB054 had returned an intersection of **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 (ASX Release 22 February 2018; Plate 1). Hole 18CB055, located 50 metres to the northeast of 18CB054 was drilled subsequent to the IP survey. This confirmed the presence of copper-gold mineralisation and returned an intersection of **61 metres at 0.7% copper and 0.14 g/t gold from 184 metres** (ASX Release 28 May 2018).

The single survey line of dipole-dipole IP responded well to known mineralisation with elevated chargeability. The response measured during the survey is attributed to the sulphide content of the rocks such that higher chargeability corresponds to higher sulphide content.

Modelling with gradient array data is normally ineffective in creating 3D models, however incorporating this data with the dipole-dipole data enabled better definition and construction of a model.

The model is preliminary and more survey work is required to refine it. However the model presented here outlines an area larger than the drilled mineralisation at Copper Blow, which has potential to host copper-gold (cobalt) mineralisation. The Company intends to pursue these with follow-up exploration, including drilling.

Results

Chargeability

The chargeability map presented in Figure 1 is a horizontal slice (in plan view) of the 3D model located at approximately 180 metres below surface. It shows a distinctive curvilinear chargeability anomaly over 1 km long associated with known mineralisation at Copper Blow where most drilling has taken place (deep orange colours in Figure 1). The interpretation suggests that it highlights elevated copper and iron sulphides in the North and South Zones at Copper Blow.

This zone is also a strong magnetic anomaly and drilling indicates that copper-gold mineralisation is largely hosted in magnetite-rich rocks. This anomaly joins with two additional anomalies (“A” and “B”) of similar intensity 380 and 250 metres respectively to the southeast of Copper Blow trend (Figure 1). In contrast to the North and South zones at Copper Blow, neither of these are associated with magnetic rocks.

Outcrop in both anomalies is sparse, with a thin veneer of soil cover over much of the area. Rock types include amphibolite, aplitic granite, pelitic metasediments, pegmatite and gossanous quartz veins. The gossanous quartz veins and iron oxide-bearing aplite occur in old prospecting pits. These rocks are interpreted to host primary sulphides at depth.

The overall impression in plan is a large circular or annular body of elevated chargeability 1 kilometre in diameter comprising three separate, but spatially related anomalies; Copper Blow North and South Zones (where drilling has taken place) and new anomalies “A” and “B” which are yet to be tested by drilling.

Rock Chip Samples

Surface investigation of anomalies “A” and “B” revealed limited outcrop. Four rock chip samples were collected. Two of these (samples 30614 and 30615) were located in historic prospecting pits which contain gossanous quartz veins.

Both returned anomalous values in a group of elements which are characteristic of Copper Blow mineralisation (copper, cobalt, silver, molybdenum, cerium, phosphorous, yttrium, nickel, uranium and lanthanum; Table 1).

Table 1 Rock Chip Samples Untested IP Anomalies

Sample No	MGA East (m)	MGA North (m)	Cu (ppm)	Au (ppm)	Co (ppm)	Ag (ppm)	La (ppm)	Mo (ppm)	Ce (ppm)	Ni (ppm)	P (ppm)	U (ppm)	Y (ppm)
30614	548310	6444885	**373**	0.02	**31.7**	**0.48**	16.6	**4.52**	36.3	96.9	**670**	2.9	3.6
30615	548529	6445148	**450**	0.02	**47.3**	**0.21**	**307**	**10.6**	**297**	**247**	**1220**	**32.2**	**351**
30616	548466	6444918	50.1	0.02	43.4	0.04	32	3.07	56.8	67.9	300	7.8	14.7
30617	548605	6444859	31	0.01	4.5	0.21	36.4	1.98	68.3	17	320	5	11.4

What does this mean?

The IP survey has mapped a broad, circular zone of high chargeability over an area one kilometre in diameter. This is interpreted to be in response to extensive hydrothermal alteration and sulphide mineralisation at depth.

Limited rock chip sampling over untested anomalies suggests a geochemical signature similar to the iron oxide copper-gold (IOCG) style of mineralisation at Copper Blow. This style of mineralisation can occur in both magnetic and non-magnetic iron oxides (magnetite and hematite).

Mineralisation may be related to igneous intrusions. An iron and magnesium-rich intrusion called gabbro is recorded in historic holes along with quartz veins in granite within the same shear zone, two kilometres northeast of Copper Blow. Gabbro has also been identified in mineralogical studies of samples from Copper Blow core holes. Gabbro is a magmatic igneous rock derived from a deep-seated batholith which may be a source for copper-mineralising fluid.

These anomalous responses in both magnetic and non-magnetic rocks indicate the presence of a large mineralising geological system of the type associated with intrusions at depth (Figure 4). This has the potential to host various styles of copper-gold mineralisation.

What next?

The anomalies outlined by the IP surveys require more detailed follow-up to better define targets for drilling. This work is scheduled to begin later in June. As an initial geochemical assessment, a soil sampling program over anomalies “A” and “B” has been completed and results are pending.

The Company is waiting for results seven drilled holes completed during the recent program. These are likely to be received in late June to early July.

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). The IP survey responds well to this style of mineralisation. (see Figures 1-3).

Annexure 1 Figures

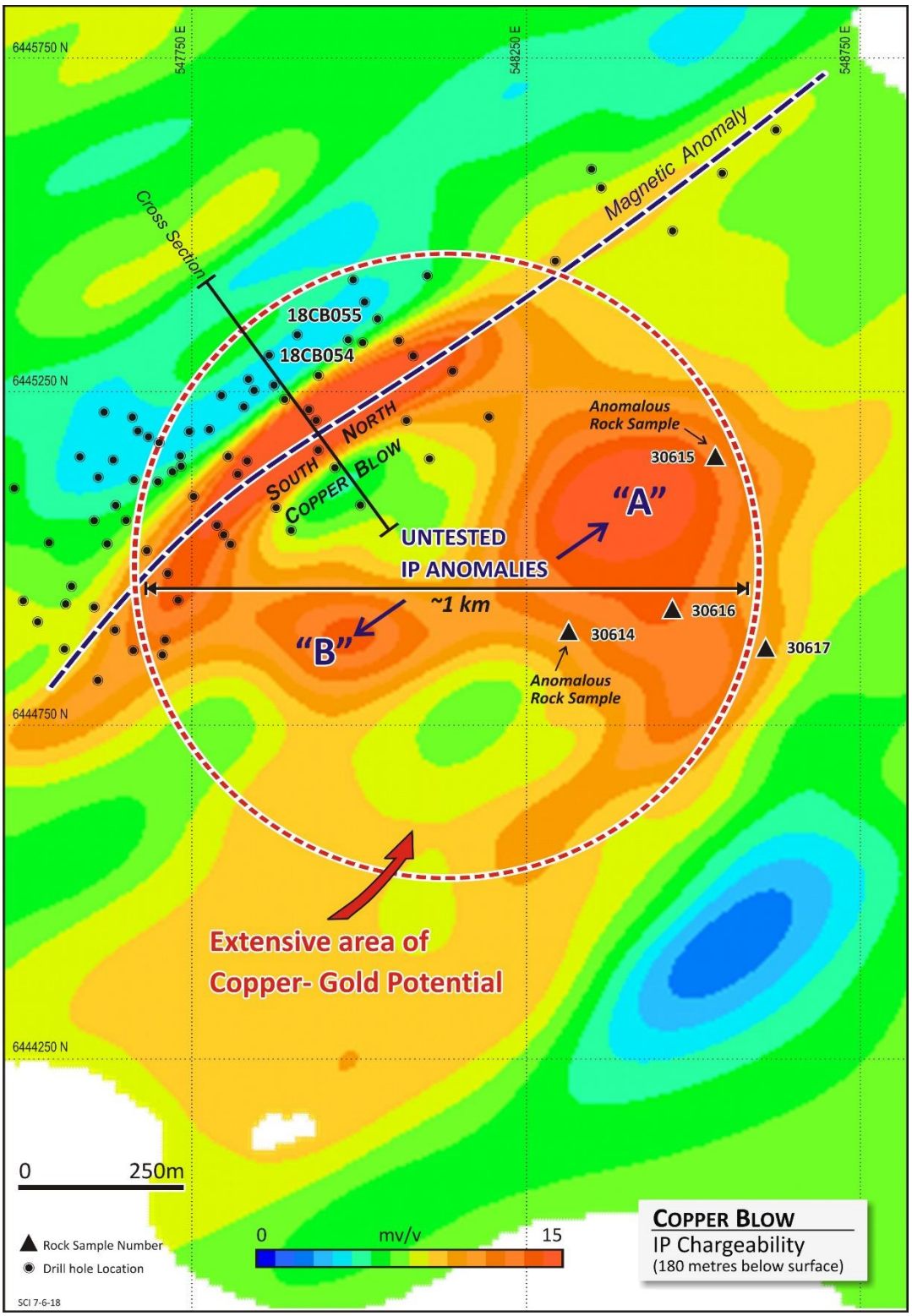

Figure 1 IP inversion model showing chargeability at approxomately 180 metres below surface. Chargeability outlines a large circular feature 1 kilometre in diameter. The copper-gold mineralisation defined by drilling in the North and South Zones at Copper Blow are linked to two large anomalies “A” and “B” which have not been tested by drilling.

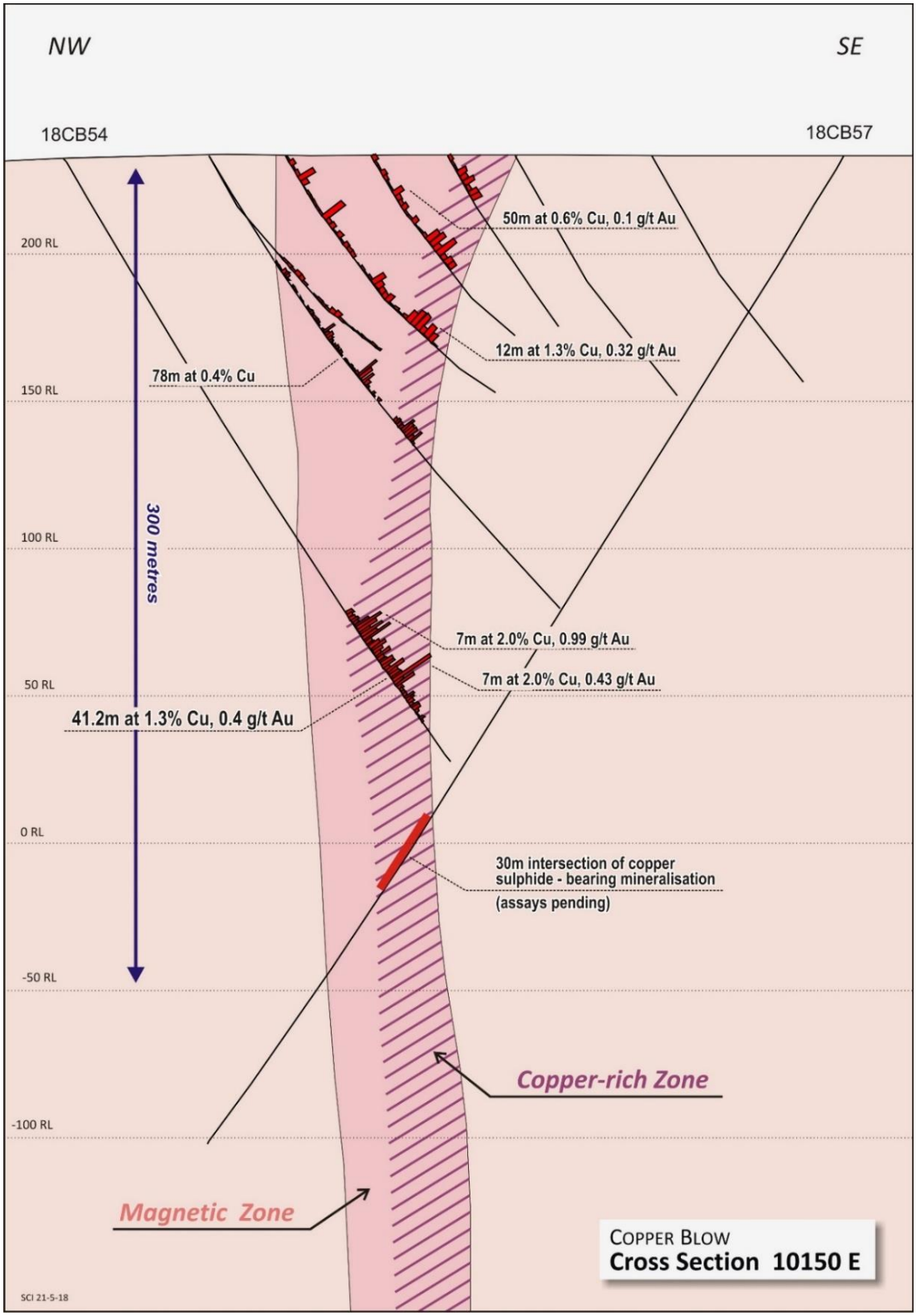

Figure 2 Cross Section 10150 (from Figure 1) showing mineralised intersections in holes 18CB054 and 18CB057.

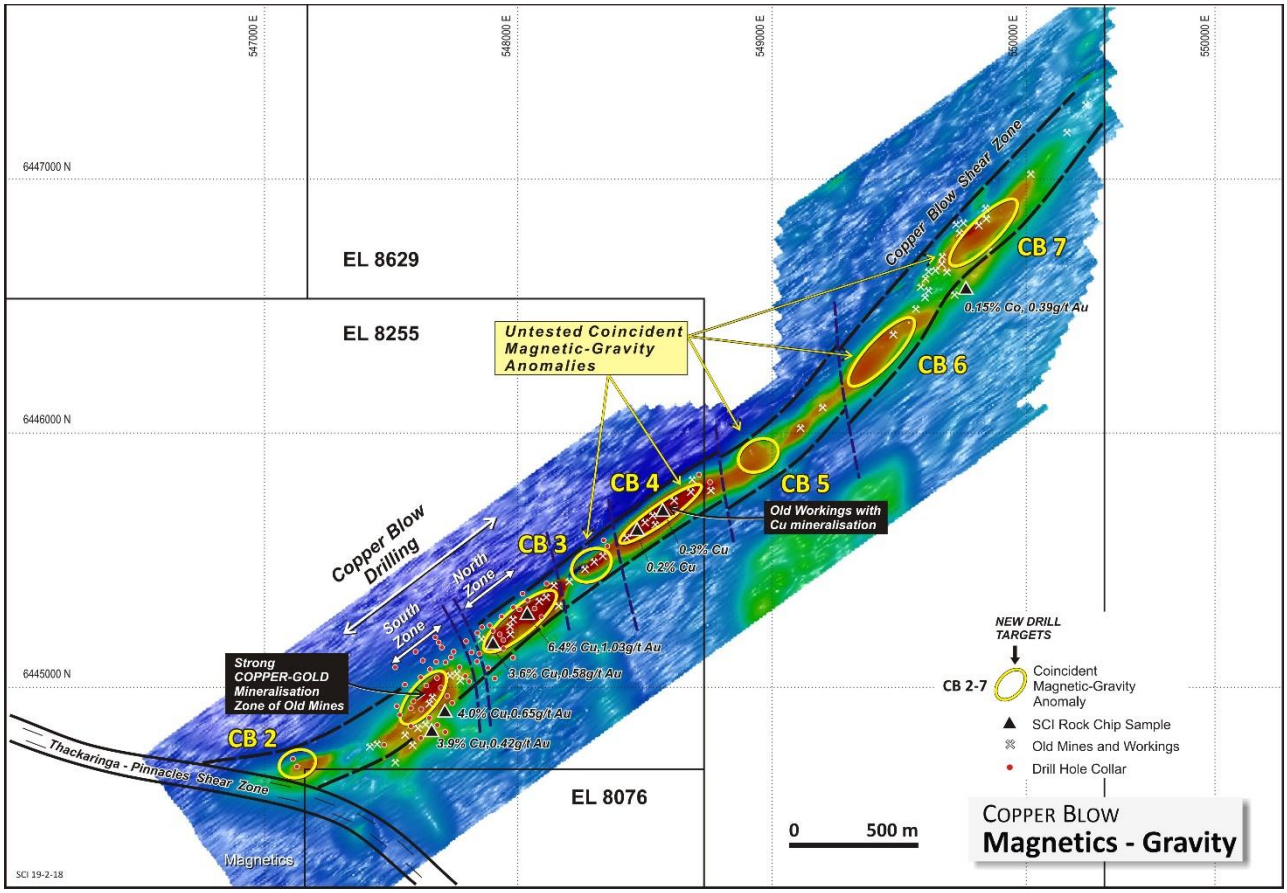

Figure 3 Detailed ground magnetic survey reduced to pole image. Shows a series of coincident magnetic/gravity anomalies. In addition to the North and South Zones at Copper Blow there are seven targets all of which might host copper mineralisation.

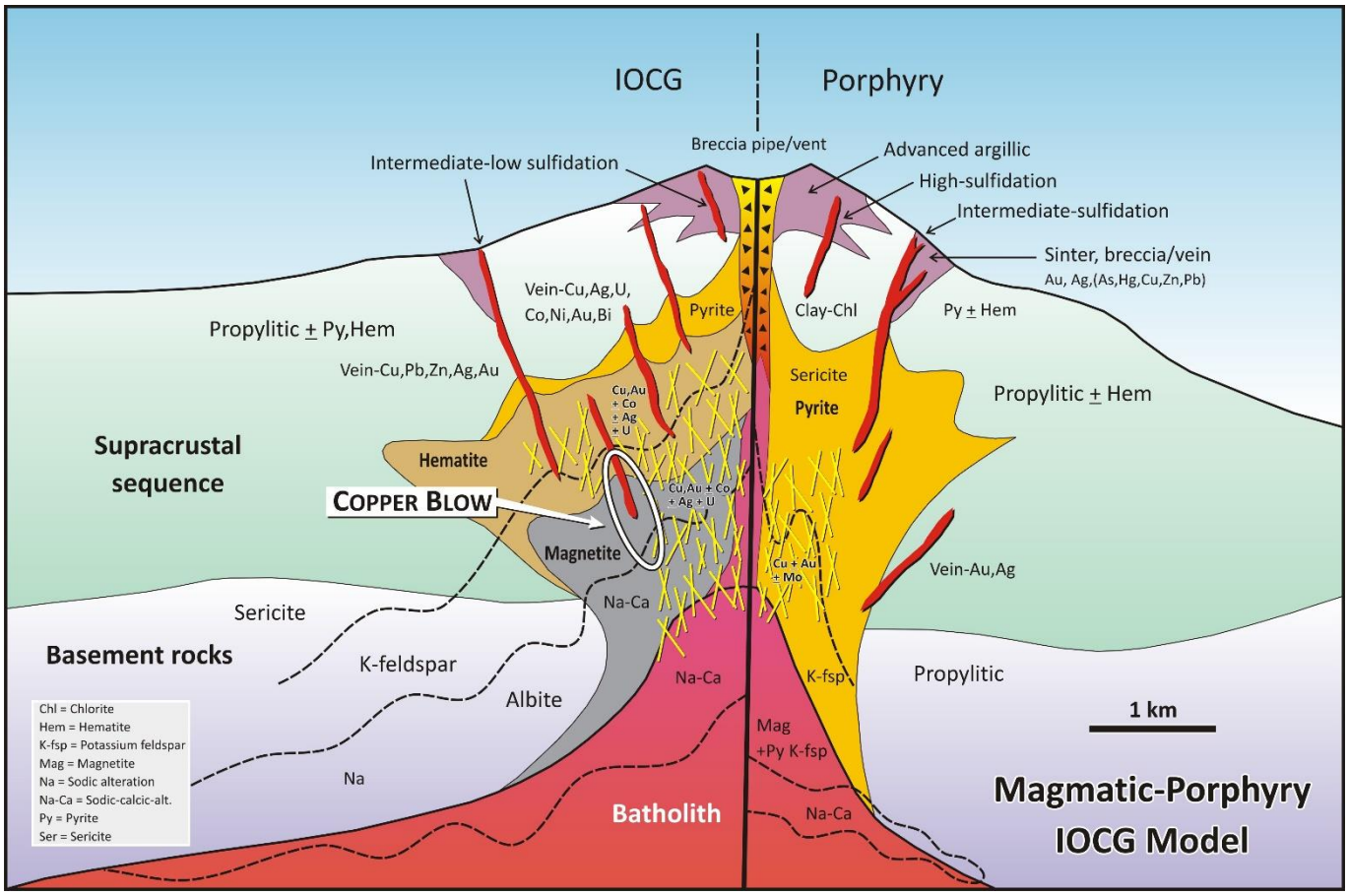

Figure 4 A combined magmatic conceptual model which shows features of alteration and mineralisation in an IOCG deposit juxtaposed against a porphyry deposit. Both have a batholitic magmatic source. *Modified from Richards and Mumin Magmatic-hydrothermal processes within an evolving Earth: Iron oxide-copper-gold and porphyry Cu Mo Au deposits. Geology Vol 41(7).*

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.

This report contains information extracted from the following reports: ASX Releases 22 February 2018, 2 May 2018 and 28 May 2018 and is available to view on the website www.silvercityminerals.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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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.*	• Report refers specifically an IP survey and surface rock chip samples. Rock chips were grab samples from outcrop or from mullock around old prospecting pits
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Report refers specifically an IP survey. No measures were taken to ensure sample representivity with respect to rock chip samples
	• *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 specifically an IP survey • Report refers to grab samples from an area of anomalous IP.
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).*	• No drilling
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• No drilling
	• *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.*	• No drilling
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.*	• No drilling
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• No drilling
	• *The total length and percentage of the relevant intersections logged.*	• No drilling
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• No drilling
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Rock chip samples are appropriate for a first pass evaluation of the geochemical signature of an early stage project

Criteria	JORC Code explanation	Commentary
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• No specific sample prep
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• none
	• *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.*	• none
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• No drilling
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.*	• Sample preparation was by ALS method PUL-23 whereby the sample was crushed to 70% nominal 6mm, then was riffle-split to a maximum of 3kg then pulverized to 85% passing 75 microns • Four acid digest, multi element ICP-MS analyses for 48 elements. ALS Global method ME-MS61(alsglobal.com). • The nature and quality of the analytical methods are appropriate to style of mineralisation anticipated at this stage in the project and are of industry standard. For elements of interest, copper and gold the technique is total digestion • No duplicates or standards were analysed.
	• *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 geophysical tools were 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 quality control procedures were implemented • No external laboratory checks were undertaken and are not appropriate at this early stage of exploration. • The laboratory 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 drilling
	• *The use of twinned holes.*	• No drilling
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• No drilling
	• *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.*	• Handheld GPS
	• *Specification of the grid system used.*	• MGA94 Zone 54
	• *Quality and adequacy of topographic control.*	• Drone survey conducted by Company
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*	• Data spacing of rock samples is not sufficient to establish continuity.

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.*	• This is unknown at this early stage of sampling
	• *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.*	• unknown
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.*	• The surveys outlined in this public report falls within ELs 8255, 8629 and 8076 which are subject a joint venture between Silver City Minerals and CBH Resources. Landowner access agreements are 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.*	• No drilling
	• *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 an IP survey and surface rock chip samples outlined in Table 1 of the report. All relevant data is included
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.*	• No drilling

Criteria	JORC Code explanation	Commentary
	• *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 drilling
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No drilling
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.*	• No drilling
	• *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').*	• No drilling
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.*	• Assays of rock chip samples are provided for all samples
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.*	• This report refers primarily to the results of a recent induced polarization survey. The parameters and general results of this survey are as follows: The gradient array Induced polarisation survey was conducted with 25 metre readings on lines 100 metres apart and was oriented on lines at a bearing of 324.4 degrees relative to MGA north. Results consist of 3310 individual readings, at 1006 stations, of apparent IP chargeability and apparent resistivity covering an area of 2.33 square kilometres. Resistivity readings are log-normally distributed with 98% of the readings lying between 125 and 2500 ohm-m. The lognormal mean resistivity readings is approximately 500 ohm-m. IP chargeability values are bimodal with modal values at 7 and 13 mV/V. 98% of the chargeabilty values lie between 2 and 13.5 mV/V.
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, surface geochemical surveys, expanded IP surveys
	• *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