SILVER CITY MINERALS LIMITED

ASX ANNOUNCEMENT

4 October 2018

Extensive Sulphide Zone at Southern Anomaly

Hole 18CB072 intersected 230 metres of disseminated and veinlet sulphide

- **Includes chalcopyrite, molybdenite, pyrite and pyrrhotite with total sulphide from 0.5 to 2%**
- **Strong association with potassic alteration**

Within the main Copper Blow shear hole 18CB071 intersected magnetite ironstone over 70 metre interval downhole

- **Includes chalcopyrite, pyrite and pyrrhotite to 1%**

Drilling has confirmed the presence of a large mineralised system of IOCG style. Assays are pending

Silver City Minerals Limited (ASX: SCI) ("Silver City" or "the Company") is pleased to provide an update on recent drilling at Copper Blow located 20 kilometres south of Broken Hill.

The first hole 18CB071 intersected 70 metres of magnetite-quartz-sulphide rock in the main Copper Blow shear zone from 367 metres. It also intersected two new zones of mineralisation higher in the hole (171 to 185 and 214 to 236 metres).

At the southern induced polarisation (IP) anomaly hole 18CB072 intersected two zones of disseminated and stringer sulphide mineralisation for a cumulative total of 230 metres downhole. These occur between 40 and 200 metres and 308 and 377.6 metres. Both zones are associated with biotite alteration and the lower intersection is preferentially hosted in metamorphose volcanic rocks.

Mineralisation is considered to be of the iron oxide copper-gold (IOCG) type.

Analytical results are pending.

Drilling Summary

The fourth phase of drilling at Copper Blow commenced early in September 2018 (ASX Release 3 September 2018). It comprised two holes, the last of which was recently completed.

The first hole (18CB071) was designed to test for deeper extensions to the copper-gold mineralisation outlined by previous drilling at Copper Blow. This mineralisation is hosted in a strongly magnetic ironstone.

The second hole (18CB072) was designed to test a large IP chargeability anomaly coincident with anomalous soil geochemistry located approximately 800 metres to the southeast of Copper Blow. There had been no previous exploration drilling in this area (Figure 1).

The two diamond drill holes are currently being logged and sampled. Analytical results are likely to be available in late October or early November. This report describes the rock types and mineralisation observed.

HoleID	Easting GDA94 MGA Zone 54	Northing GDA94 MGA Zone 54	Elevation (m)	Azimuth (° Grid)	Dip (°)	Total Depth (m)
18CB071	548045	6444990	233	322	-60	502.1
18CB072	548380	6444804	225	113	-60	377.6

Hole 18CB071

The hole encountered a sequence of metamorphosed sedimentary and iron-magnesium rich volcanic rocks (psammite, pelite and amphibolite) before entering the Copper Blow shear zone.

The shear is a high strain, schist zone which hosts copper-gold-bearing magnetic ironstone. It was encountered between 367 and 439 metres. Drilling indicates a steep south-easterly dip which becomes flatter with depth. In cross-section the structure appears concave to the southeast (Figure 2).

The shear is 72 metres wide (downhole) and approximately 60 metres true thickness. It hosts magnetite, quartz, biotite and sulphides. A coarsely crystalline, chalcopyrite-bearing quartz-chlorite vein occurs between 400 and 411 metres. The total sulphide content, including pyrite (iron sulphide) and chalcopyrite (copper-iron sulphide) is estimated at 1%.

Two previously unknown shear zones where intersected higher in the hole (171 to 185 and 214 to 236 metres). These both host intermittent magnetite with pyrite and chalcopyrite and quartz-chlorite veins with chalcopyrite. The overall sulphide content of these intersections is approximately 2%. These probably represent mineralised structures which are parallel to the main Copper Blow shear. Both are associated with biotite alteration.

Comment

The target structure has been intersected over a broad zone and tends to indicate that the mineralised structure dips to the southeast and flattens with depth. Neither the magnetite nor the sulphide content in this main zone is as elevated as intersections higher in the structure (holes 18CB054 and 57: Figure 2). Two new zones of mineralisation have been identified higher in the hole and these are located to the southeast of Copper Blow.

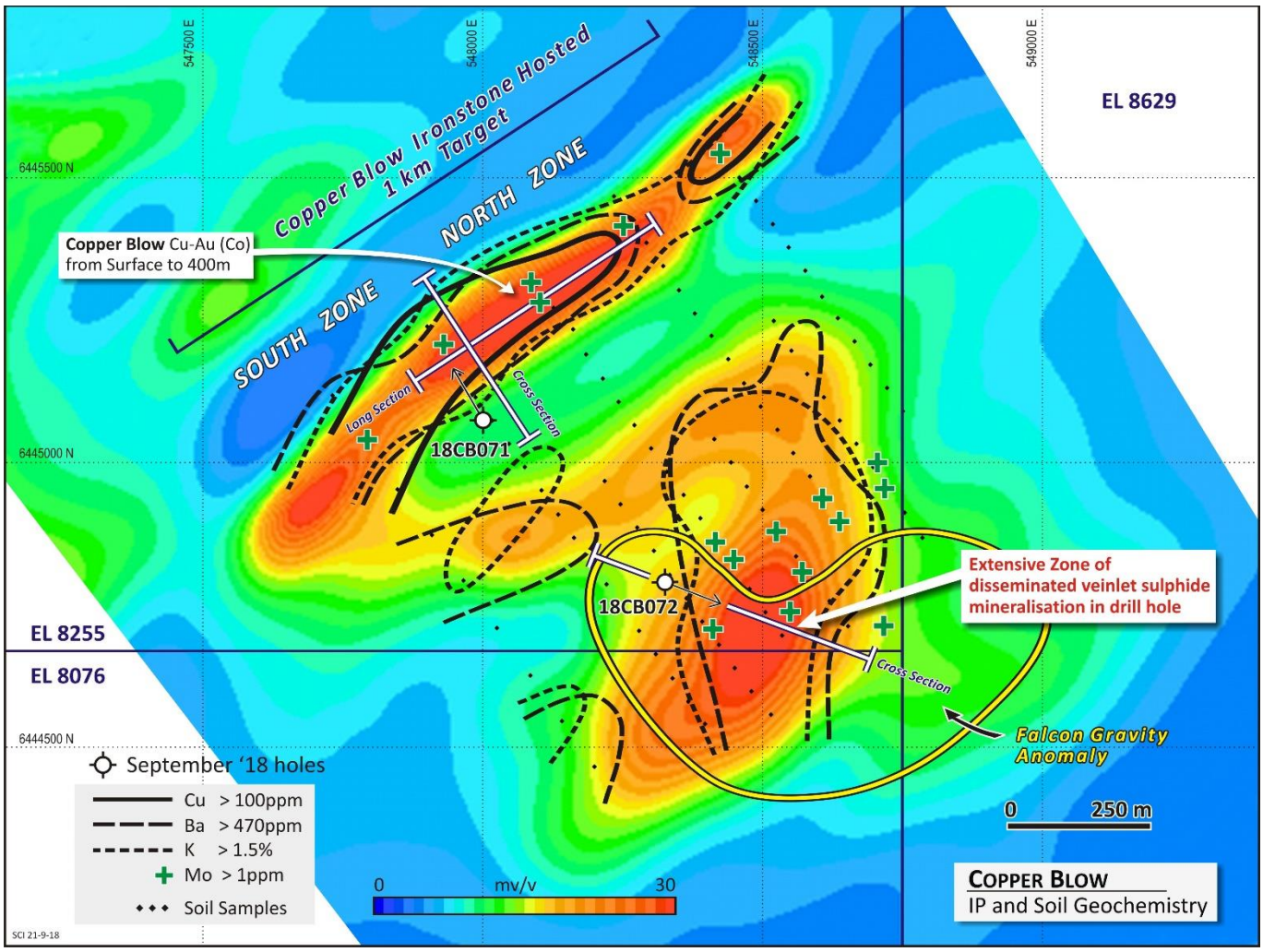

Figure 1 Plan view of the dipole-dipole model depicting a horizontal slice of IP chargeability at 180 metres below surface. The Copper Blow magnetic ironstone shows elevated chargeabilities as does the new anomaly to the southeast. Both display anomalous geochemistry in soils. Recent holes 18CB071 and 72 are shown.

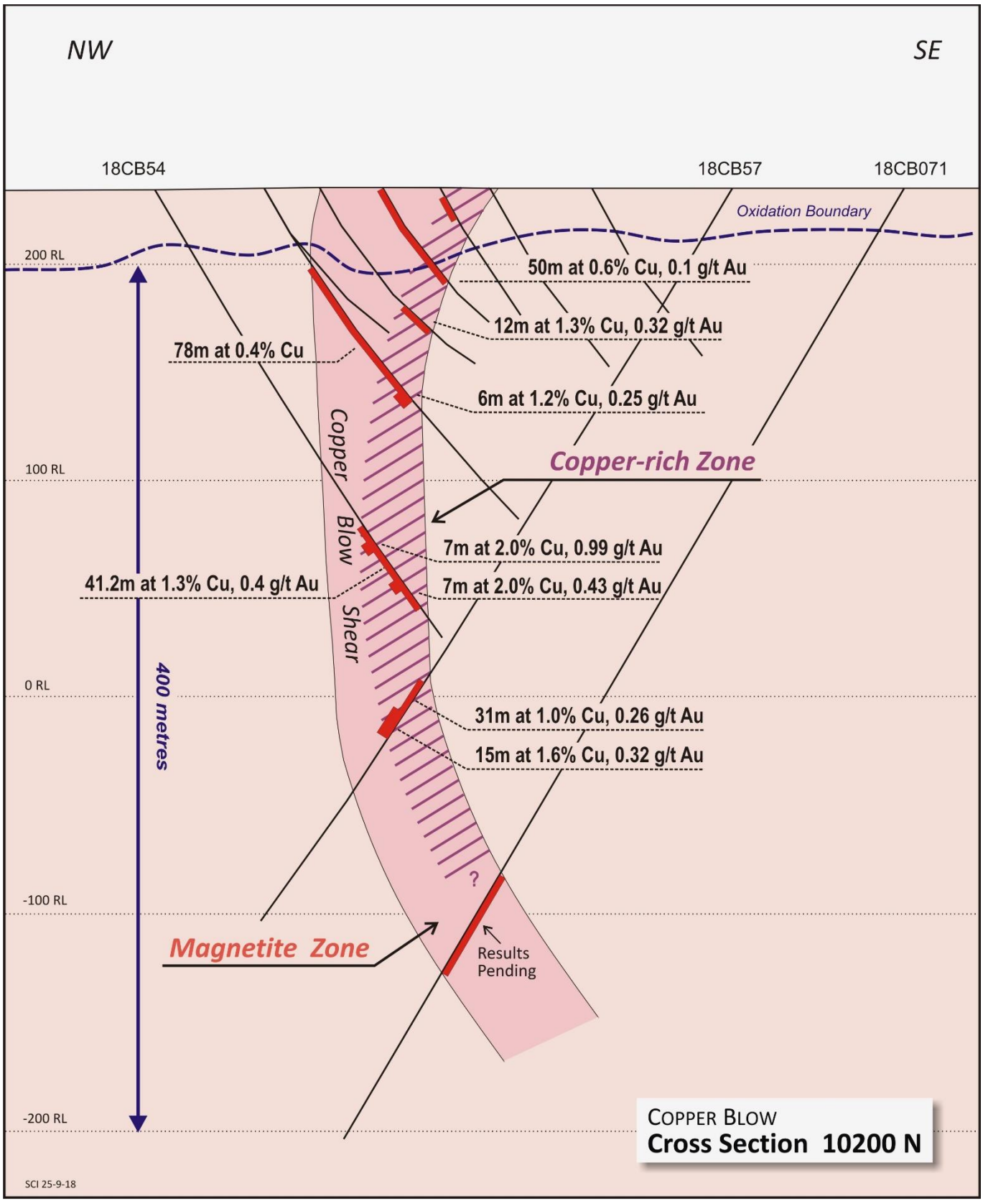

Figure 2 Cross-section 10200N showing position of recent hole 18CB071 and the intersection of the Copper Blow shear zone. Results for this intersection are pending.

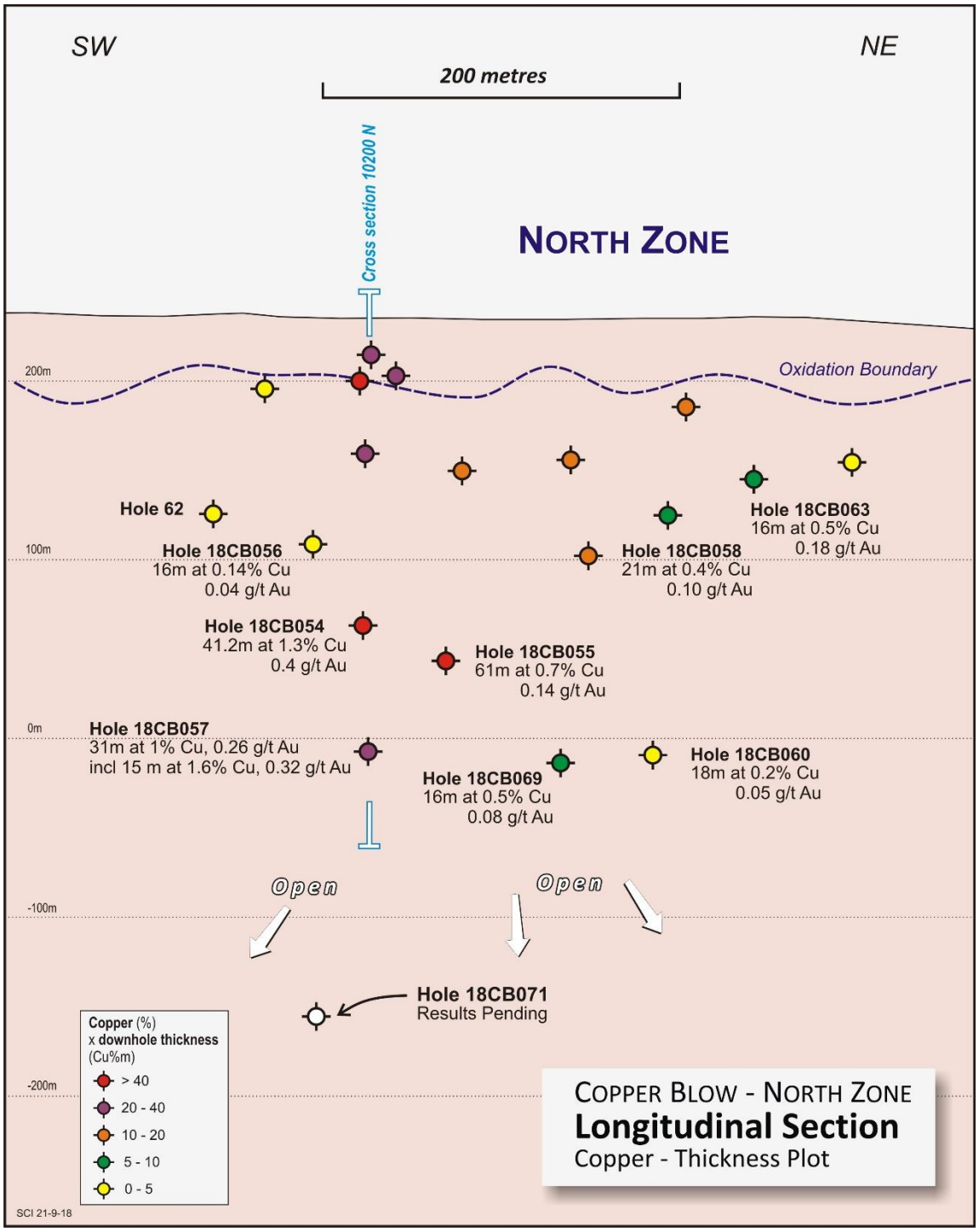

Figure 3 Copper Blow longitudinal section showing grade x thickness plot. Points depict the centre-points of the mineralised intersection on a vertical plain. Copper-gold mineralisation remains open at depth and along strike. The piercement point for hole 18CB071 is shown. Results for this hole are pending.

Hole 18CB072

The hole intersected a sequence of biotite and chlorite altered, garnet-rich, highly metamorphosed sedimentary and volcanic rock. From the top of the hole to 308 metres it contains a mixture of siltstones and sandstones with minor volcanic layers. From 308 to the end of the hole at 377.6 metres the rock comprises a mixture of siltstone and sandstone with abundant volcanic rock. The metamorphosed volcanic rock referred to as amphibolite was probably originally a basalt.

Sulphide mineralisation is widespread and occurs in two main zones. The first extends from 40 to 200 metres (a total of 160 metres downhole). Sulphides in this intersection include chalcopyrite, pyrite and pyrrhotite. The sulphides occur as very fine grained disseminations and veinlets and are associated with strong biotite (potassium and iron mica) alteration.

An estimate of total sulphide content ranges from 0.5 to 1%. Localised late calcite-sulphide and chlorite-sulphide veins also occur.

A second zone extends from 308 metres to the end of the hole at 377.6 metres (69.6 metres downhole) and coincides with the rocks which host abundant volcanic layers. Disseminated sulphides including chalcopyrite, pyrite and pyrrhotite occur preferentially in fine volcanic layers.

The zone also hosts narrow veins of coarsely crystalline quartz-chlorite-calcite which contain the above sulphides and locally sphalerite. This intersection is similarly enriched in biotite and chlorite. An estimate of total sulphide content for this zone is 0.5 to 2%.

A high strain shear zone occurs between 239 and 252 metres and hosts a quartz-pyrite-molybdenite vein (Figure 4).

Comment

This hole contains a remarkable amount of very fine grained, disseminated and stringer sulphide which accounts for the IP anomaly. IP responds particularly well to this style of sulphide mineralisation. The volcanic-rich sequence in the lower part of the hole probably explains the gravity anomaly in this zone because these rocks have a higher specific gravity than the enclosing sediments (they are comparatively dense).

The presence of strong potassic alteration in the form of biotite, the occurrence of late quartz-chlorite-calcite-sulphide veins and molybdenite are all characteristics of the mineralisation found at Copper Blow. These are suggestive of a magmatic (igneous intrusion) source to mineralising fluids. Isotope data reported by the Geological Survey of NSW suggests the same (Fitzherbert and Downs 2018).

The disseminated and stringer veinlet sulphide mineralisation is reminiscent of that which occurs in association with iron oxide copper-gold systems and/or porphyry copper deposits.

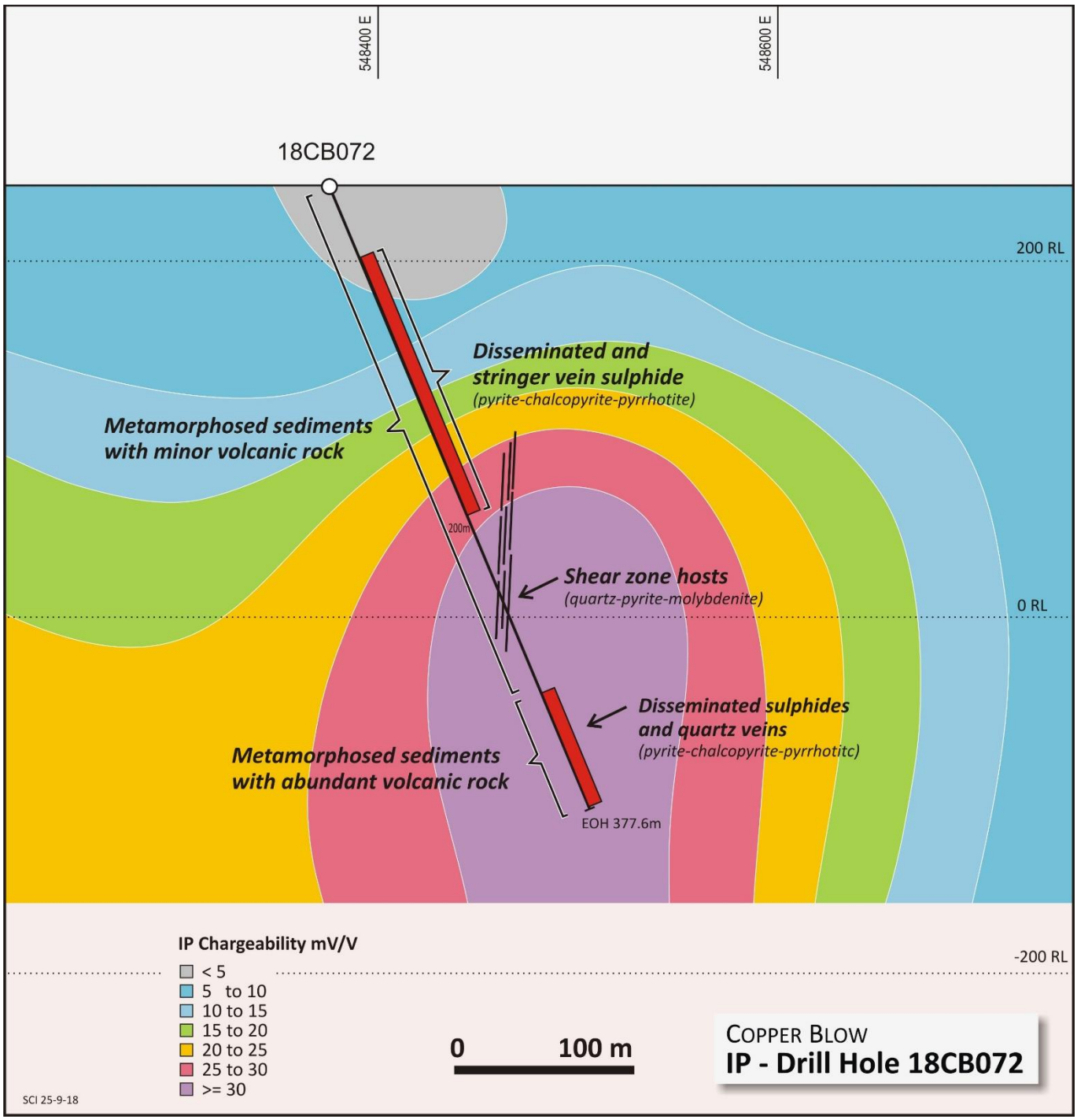

Figure 4 Cross-section Hole 18CB072 (refer to Figure 1) showing broad zones of geology and disseminated and veinlet sulphide mineralisation. Background image is a slice through the IP chargeability model along the trace of the hole.

What Next?

The Company has discovered a large mineral system which has the geological characteristics of an iron oxide copper gold deposit (IOCG). Two styles of mineralisation related to this system have been identified.

One is a magnetic ironstone hosted copper-gold style located in a major crustal structure; the Copper Blow shear zone. The other is a broad, disseminated and stringer zone of copper and iron sulphides hosted in rocks apparently unrelated to a major shear zone (hole 18CB072; southern IP anomaly) but partly related to the presence of iron-rich volcanic rocks.

It is the view of Company geologists that major crustal structures such as the Copper Blow shear zone, have a higher propensity to host significant copper-gold mineralisation compared to those zones which are devoid of structural breaks.

The Company will continue to focus work close to the main structure and to that end will test geophysical and geochemical anomalies in the Northern Target zone (Figure 5) as soon as possible.

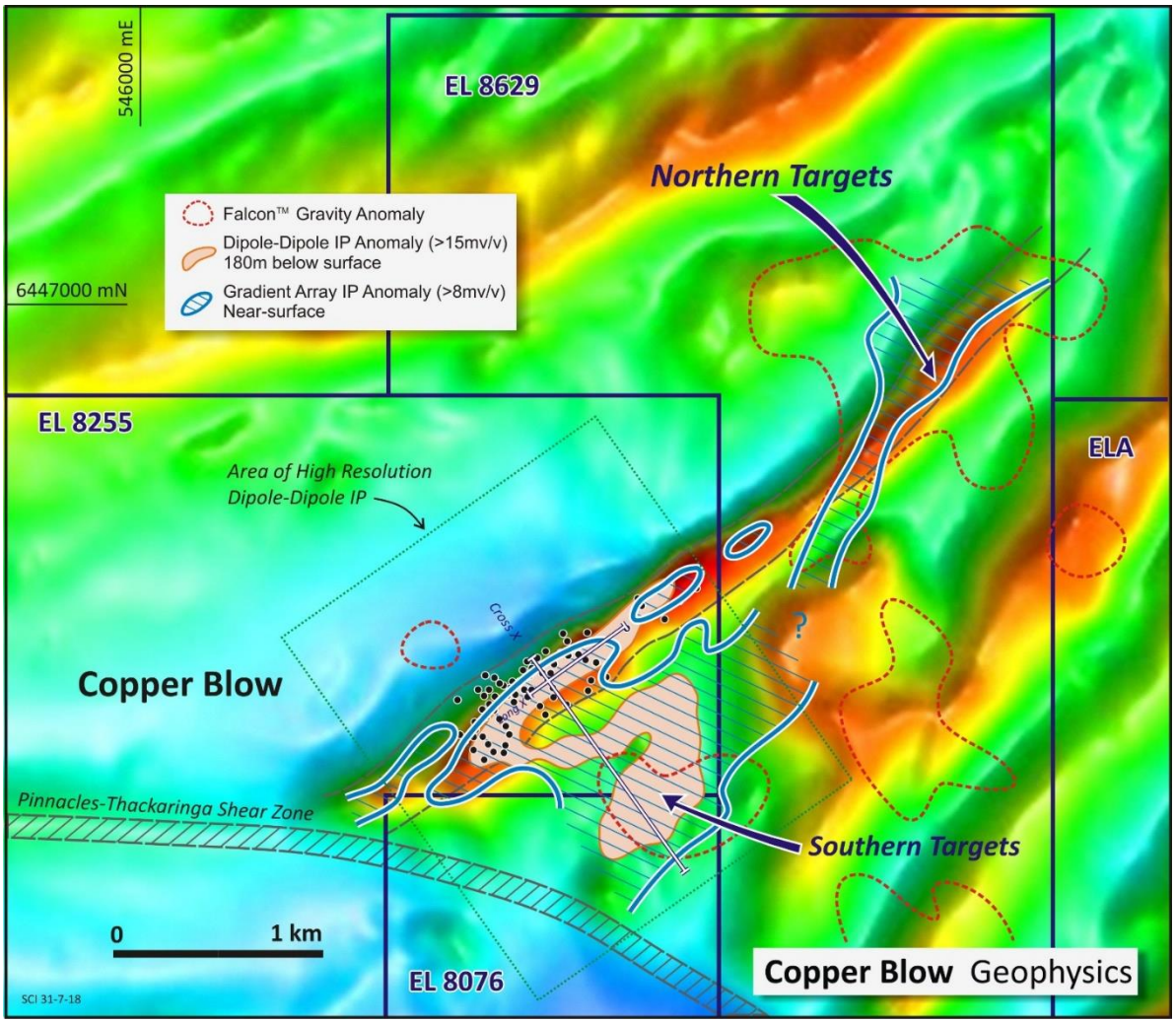

Figure 5 Simplified geophysical map showing background image of reduced-to-pole magnetics, gradient array contour at 8mv/v, the extent of the dipole-dipole IP survey, a horizontal slice of the IP model at 180 metres below surface (15mv/v contour) and Falcon ™ gravity anomlies. Diagram shows that the location of interpreted sulphide-bearing rock defined by the 8mv/v contour is significantly larger than the linear magnetic anomaly which host known copper-gold mineralisation at Copper Blow. The Southern target has been tested by hole 18CB072 and results are pending. No significant work has been undertaken at the Northern Target zone.

Reference

Fitzherbert, J.A. and Downs, P.M. 2018. A Mineral System Model for shear-hosted iron oxide-copper-gold (IOCG) mineralisation in the Broken Hill Block, with a focus on Copper Blow. Geological Survey NSW Report GS2018/0371.

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 ASX releases cited in the body of the report. These are 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 announcements. 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.

CONTACT DETAILS

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		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.*	• Two diamond drill holes have been completed. This report is a descriptive update of geological observations. Sampling is still ongoing.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Sampling is ongoing
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*	• Descriptions of geology 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.*	• Copper Blow is a base metal-gold-cobalt project. To date elevated grades have been observed to occur in association with elevated sulphide content. Sampling is based on the visual estimation of sulphide content and/or intensity of alteration. The Company not only samples elevated sulphide zones but also up to 10 metres of adjacent wall rocks. Core holes are sampled nominally in two or one metre samples, with one metre samples usually in visually higher copper grade zones.
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. Core orientation has been recorded using the Reflex Ace Tool 3. 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 (98 to 100%)
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 using the water displacement method will be taken nominally every 5 metres
	• *The total length and percentage of the relevant intersections logged.*	• 879.7 metres have been logged (100% of the two holes)
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 continuous 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 . No second half core sampling has been undertaken
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• 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.*	• Sampling is ongoing. Assay data not yet available
	• *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 handheld instruments 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.*	• Sampling is ongoing
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• No independent verification, sampling is ongoing
	• *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 assays yet available
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• Collars will be surveyed by registered surveyor and continuous downhole gyro survey using Champion Gyro
	• *Specification of the grid system used.*	• MGA94 Zone 54
	• *Quality and adequacy of topographic control.*	• Drone survey to millimetre accuracy for hole 18CB071 and Shuttle Radar for hole 18CB072

Criteria	JORC Code explanation	Commentary
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.*	• Once sampling is completed the data spacing will be sufficient to establish a degree of geological continuity appropriate for Mineral Resource estimation
	• *Whether sample compositing has been applied.*	• Assays not yet available
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.*	• With respect to hole 18CB071 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 maybe between 50 and 80% of the downhole intersection. • With respect to hole 18CB072 drilling was oriented perpendicular to the elongated trend of the geophysical anomaly. This target is new and the extent to which the drill orientation might bias sampling is unknown.
	• *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.*	• For 18CB071 given the interpretation of the structure described above, there is of a high level of confidence in the orientation of the key mineralised structures. The Company does not consider that the sampling gives a biased result. This public report gives downhole thicknesses and estimates of true thicknesses. • For hole 18CB072 there is no assessment of bias as this is the first hole in this zone. Structural geology assessment of this hole is ongoing
Sample security	• *The measures taken to ensure sample security.*	• Core is transported from site to a locked core yard where it is processed and sampled. Samples are then delivered to a freight forwarding company for transport to the laboratory.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits have been undertaken

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• Work outlined in this public report falls within ELs 8255 which is subject to a joint venture between Silver City Minerals and CBH Resources. A landowner access agreements are in place. Native Title has been extinguished.

Criteria	JORC Code explanation	Commentary
	• *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. Both shear zone hosted and disseminated
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.*	• In body of 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.*	• Sampling is ongoing no data available
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.*	• Sampling is ongoing
	• *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.*	• Sampling is ongoing
	• *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.*	• With respect to hole 18CB071 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. The geometry of mineralisation is known. 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 maybe between 50 and 80% of the downhole intersection. • With respect to hole 18CB072 drilling was oriented perpendicular to the elongated trend of the geophysical anomaly. This target is new and the geometry of mineralisation is unknown.

Criteria	JORC Code explanation	Commentary
	• *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').*	• Both downhole and estimates of true thickness are reported
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.*	• Body of report
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• No results yet available
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other exploration
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 and magnetic geophysical surveys and surface geochemical sampling.
	• *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 figures in body of report