



Annual General Meeting – 28th November 2018 Chairman's Address to Shareholders

The past year has seen good improvement in a number of commodity prices and an improved market for explorers particularly in the first half. Towards the end of the year prices softened and the junior end of the resources market was not as well supported. In the last 3 months the market has seen a major correction and the junior explorers have been particularly hard hit with declining market capitalisation and low liquidity.

Silver City Minerals has maintained a focus on copper and zinc as these metals have strong fundamental outlooks. Copper prices in Australian dollar terms have remained strong over the year with LME stocks showing a significant decline over the past 5 years. There is widespread recognition that copper is likely to continue in tight supply based on the growth of electric cars and energy metal needs. Zinc prices also remained strong during the year while LME stocks were at very low levels having declined from 1 million tonnes to 240,000 tonnes over the past 5 years. A number of large zinc mines have come to the end of their lives and limited new projects are in the pipeline.

The past year has delivered some exciting drill results for the Company that has uncovered a significant IOCG style copper-gold (+cobalt) deposit 20 kilometres south of Broken Hill. This is the Copper Blow deposit where drilling over the past year has intersected a number of high grade lenses of greater than 2% copper as well as broad intersections of 1% copper along an 800 metre strike length. Mineralisation tested to date is located in a 100-200 metre wide strongly altered and magnetite bearing shear zone that has been traced for 4.5 kilometres, much of which remains to be drill tested.

Geophysical and geochemical surveys completed over the last few months are indicating the IOCG style of mineralisation has a much larger footprint than initially recognised with very strong Induced Polarisation responses indicative of sulphide mineralisation extending up to 1 kilometre south east of Copper Blow and over 4 kilometres in a north west direction. This extensive system has the potential to host large tonnage copper-gold deposits and will be the focus of drilling programmes over the coming year.

The great advantage for development of the Copper Blow deposit is its close proximity to the established infrastructure at Broken Hill. Power, rail and sealed road are all within a few kilometres and the City of Broken Hill has all the facilities of a major mining centre. There are two operating mines with large processing facilities. Copper Blow is a contributing joint venture with CBH Resources (SCI 75%, CBH 25%) who operate the Rasp Mine at Broken Hill.

The Broken Hill District is a highly mineralised province that hosts the World's largest and highest grade zinc-lead-silver deposit. It is also part of the geological terrain that hosts large scale IOCG copper deposits across the Gawler Craton in S.A. and the Curnamona Craton in S.A. and N.S.W and includes the massive Olympic Dam deposit. Exploration activities by Silver City Minerals over the past several years has demonstrated that much of the Broken Hill District is poorly explored and the potential for discovery of world class orebodies is outstanding.

In addition to the copper-gold IOCG system at Copper Blow, the Company has been exploring a potential repeat of the Broken Hill ore system some 15 kilometres along strike to the north. This is the Razor Back

West project that is a fault displaced block of Broken Hill host rocks that has a strike length of 12 kilometres and is held 100% by Silver City. This zone is largely covered by outwash but RAB drilling has identified lead and zinc anomalies that are 5 kilometres long. Prior to Silver City acquiring the ground this 12 kilometre trend had never been drill tested yet is within 15 kilometres along strike from world's richest base metal deposit.

Some 40 kilometres north of Broken Hill Silver City has established a belt of copper and cobalt mineralisation over a 25 kilometre strike length. Past data and recent SCI surface sampling along this zone has recorded values of greater than 0.5% copper in 107 of 723 samples (14%) with a maximum value of 38% copper. Anomalous cobalt was also recorded with a maximum value of 0.23% cobalt. This represents a significant regional copper-cobalt trend not previously recognised at Broken Hill.

The Company also holds exploration titles in the Cobar Basin some 400 kilometres east of Broken Hill, a prolific base and precious metal producer over many decades.

Everyone in the Company is very focused on achieving a commercial discovery in the Broken Hill and Cobar Districts. I would like to acknowledge the outstanding efforts of the entire team led by Chris Torrey our Managing Director.

Bob Besley
Chairman