

SILVER CITY MINERALS



SILVER CITY MINERALS LIMITED

ACN 130 933 309

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

26 February 2019

Time of Meeting

11.00 am (Sydney time)

Place of Meeting

Level 1, 80 Chandos Street St Leonards NSW 2065

This Notice of Meeting and Explanatory Memorandum should be read in their entirety. If you do not understand these documents or are in any doubt as to how to deal with them, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

SILVER CITY MINERALS LIMITED

ACN 130 933 309

NOTICE IS HEREBY GIVEN that a General Meeting of the members of Silver City Minerals Limited ("Silver City" or the "Company") will be held at Level 1, 80 Chandos Street St Leonards NSW on Tuesday 26 February 2019 commencing at 11.00 am (Sydney time).

The business to be considered at the meeting is set out below. This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum, which contains information in relation to each of the Resolutions. A Proxy Form also accompanies this Notice of Meeting.

BUSINESS

Resolution 1 – Approval of Prior Placement of Shares on 2 January 2019

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders of the Company approve the prior issue on 2 January 2019 of 47,500,000 fully paid ordinary shares in the Company at an issue price of \$0.012 per share to sophisticated shareholders pursuant to the subscription agreements arranged by Empire Capital Partners Pty Ltd and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Resolution 2 – Approval of Issue of Unlisted Options

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment of 23,750,000 Unlisted Options for nil consideration to sophisticated shareholders pursuant to the Share Placement announced on 21 December 2019 referred to in Resolution 1 with an exercise price of 3 cents each, expiring three years after the date of issue and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Resolution 3 – Approval of Issue of Unlisted Options to Empire Capital Partners Pty Ltd

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment of 3,000,000 unlisted Options for nil consideration to Empire Capital Partners Pty Ltd (or its nominees) with an exercise price of 3 cents each, expiring three years after the date of issue and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

BY ORDER OF THE BOARD



Ivo Polovineo
Company Secretary

Date: 17 January 2019

IMPORTANT INFORMATION

The Explanatory Memorandum accompanying this Notice of General Meeting is incorporated in and comprises part of this Notice of General Meeting and should be read in conjunction with this Notice of General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice of General Meeting and the Explanatory Memorandum.

Voting Exclusions

Resolution 1

The Company will disregard any votes cast in favour of Resolution 1 if they are cast by or on behalf of any subscribers to the issue of Shares as detailed in the Explanatory Memorandum (including Empire Capital Partners Pty Ltd), or any associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2

The Company will disregard any votes cast in favour of Resolution 2 by:

- (a) Any person who is expected to participate in the proposed issue of Options or any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or
- (b) Any associate of that person (or those persons).

However, the Company need not disregard any vote by any such persons on Resolution 2 if:

- (c) It is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or
- (d) It is cast by the person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

Resolution 3

The Company will disregard any votes cast in favour of Resolution 3 if they are cast by or on behalf of Empire Capital Partners Pty Ltd, or any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associate of those persons.

However, the Company need not disregard a vote on Resolution 3 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

NOTICE OF GENERAL MEETING

Proxies

- (a) Votes at the General Meeting may be given personally or by proxy, attorney or representative;
- (b) Each shareholder has a right to appoint one or two proxies;
- (c) A proxy need not be a shareholder of the Company;
- (d) If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution;
- (e) Where a shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- (f) If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands;
- (g) A proxy must be signed by the Shareholder or his or her power of attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with the Company's Constitution and the Corporations Act.
- (h) To be effective, proxy forms must be received by the Company's share registry (Boardroom Pty Limited) no later than 48 hours before the commencement of the General Meeting, that is no later than 11.00 am Sydney time on 24 February 2019. Any proxy form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply-Paid Envelope or:

Online	Hand Delivery	By Mail	By Facsimile
https://www.votingonline.com.au/SCI/GM2019	Boardroom Pty Limited Level 12, 225 George St SYDNEY NSW 2000	Boardroom Pty Limited GPO Box 3993 SYDNEY NSW 2001	(02) 9290 9655

Record date

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth), that the holders of shares of the Company recorded in the Company's register as at 7pm (Sydney time) on 24 February 2019 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the shares at that time.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

This Explanatory Memorandum sets out information in connection with the business to be considered at the General Meeting.

ORDINARY BUSINESS

Resolution 1

Approval of Prior Placement of Shares on 2 January 2019

A total of 47,500,000 ordinary shares were issued on 2 January 2019 pursuant to the placement announced on 21 December 2018 ("Placement"). The issue comprised 22,878,975 shares issued under the Company's capacity pursuant to Listing Rule 7.1 and 24,621,025 shares under the Company's capacity pursuant to Listing Rule 7.1A.

The Shares were issued to sophisticated shareholders arranged by Empire Capital Partners Pty Ltd as disclosed in the ASX announcement dated 21 December 2018.

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12-month period, unless approval is obtained from the holders of the company's ordinary securities.

ASX Listing Rule 7.1A provides that certain eligible companies may seek shareholder approval at its AGM to issue up to a further 10% of its fully paid ordinary securities on issue at the start of the 12-month period commencing on the date of the AGM ("10% issue capacity"). The Company is an eligible company and received shareholder approval to the additional 10% issue capacity at its AGM on 28 November 2018. The shareholder approval is valid for 12 months from the date of the AGM (that is, until 28 November 2019).

ASX Listing Rule 7.4 provides that issues of securities made without approval under Listing Rule 7.1 and Listing Rule 7.1A will be treated as having been made with shareholder approval for the purposes of that Listing Rule if shareholders subsequently approve the issues and those issues did not breach Listing Rules 7.1 and 7.1A.

In accordance with ASX Listing Rule 7.5 the following information is provided:

- (a) A total of 47,500,000 ordinary fully paid shares were allotted on 2 January 2019 at an issue price of \$0.012 per share.
- (b) The securities were ordinary fully paid shares ranking equally in all respects with the Company's issued shares.
- (c) The shares were issued to sophisticated shareholders pursuant to subscription agreements arranged by Empire Capital Partners Pty Ltd.
- (d) As announced on 21 December 2018, the shares were issued to provide funding for RC and RAB drilling, and ground geophysics at the Company's Copper Blow Project

A voting exclusion statement is included in this Notice.

The Board recommends Shareholders vote in favour of Resolution 1 as it allows the Company greater flexibility to issue further securities representing up to 15% under ASX Listing Rule 7.1 and 10% under Listing Rule 7.1A of the total number of Shares on issue in any 12-month period without Shareholder approval.

Resolution 2

Approval of Issue of Unlisted Options

Pursuant to the Placement of Shares set out in Resolution 1 and as announced on 21 December 2018 the Placement entitled the subscribers to one unlisted option (exercisable at 3 cents per share with a three-year expiry) for every two shares issued. The issue of the options is subject to approval by shareholders at this General Meeting.

In accordance with ASX Listing Rule 7.3 the following information is provided:

- (a) A maximum of 23,750,000 Options will be issued with an exercise price of 3 cents each, expiring three years after the date of issue.
- (b) Subject to Shareholders' approval the Options will be issued as soon as practicable after the date of this General Meeting but in any event no later than 3 months after the General Meeting.
- (c) The Options will be issued for no consideration noting that they are proposed to be issued as an entitlement to the subscribers to the Placement as set out in Resolution 1.
- (d) The 23,750,000 Options will be issued to the subscribers of the Placement in Resolution 1 and as announced on 21 December 2018 pursuant to subscription agreements arranged by Empire Capital Partners Pty Ltd.
- (e) The Options will have an exercise price of 3 cents each, expiring three years after the date of issue. The key terms of the Options are set out in Annexure A to this Explanatory Memorandum.
- (f) The Options will be issued for no consideration noting that they are proposed to be issued as an entitlement to the subscribers to the Placement as set out in Resolution 1. The Placement Shares were issued to fund RC and RAB drilling, and ground geophysics at the Company's Copper Blow Project.
- (g) A voting exclusion statement is included in this Notice.

The Board recommends Shareholders vote in favour of Resolution 2 as the effect of this approval will be that the Company's capacity to issue additional Equity Securities in the next 12 months up to 15% of its share capital in accordance with ASX Listing Rule 7.1 will not be diminished by the proposed issue of the Options.

Resolution 3

Approval of Issue of Unlisted Options to Empire Capital Partners Pty Ltd

As part of the costs associated with the Placement set out in Resolution 1 the Company is required to issue 3,000,000 unlisted Options to Empire Capital Partners Pty Ltd (or its nominees) which is subject to approval by shareholders at this General Meeting.

In accordance with ASX Listing Rule 7.3 the following information is provided:

- (a) A maximum of 3,000,000 Options will be issued with an exercise price of 3 cents each, expiring three years after the date of issue.
- (b) Subject to Shareholders' approval the Options will be issued as soon as practicable after the date of this General Meeting but in any event no later than 3 months after the General Meeting.
- (c) The Options will be issued for no consideration noting that they are proposed to be issued as a component of fees pursuant to the mandate with Empire Capital Partners Pty Ltd relating to the Placement.
- (d) The 3,000,000 Options will be issued to Empire Capital Partners Pty Ltd (or its nominees).
- (e) The Options will have an exercise price of 3.0 cents each, expiring three years after the date of issue. The key terms of the Options are set out in Annexure A to this Explanatory Memorandum.
- (f) A voting exclusion statement is included in this Notice.

The Board recommends Shareholders vote in favour of Resolution 3 as the effect of this approval will be that the Company's capacity to issue additional Equity Securities in the next 12 months up to 15% of its share capital in accordance with ASX Listing Rule 7.1 will not be diminished by the proposed issue of the Options.

GLOSSARY

In this Explanatory Memorandum and Notice of General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

ASX means ASX Limited ACN 008 624 691;

Board means the board of Directors;

Company means Silver City Limited ACN 130 933 309;

Constitution means the constitution of the Company;

Corporations Act means *Corporations Act 2001* (Cth);

Directors means the directors of the Company;

Equity Securities has the meaning given to that term in the ASX Listing Rules;

Explanatory Memorandum means the explanatory memorandum attached to and forming part of the Notice;

Listing Rules means the ASX Listing Rules as published by the ASX from time to time;

Meeting means the meeting of Shareholders convened by the Notice of General Meeting;

Notice or Notice of General Meeting means the notice of general meeting to which this Explanatory Memorandum is attached;

Options means an option to acquire a Share;

Placement means the placement of Shares as announced to ASX on 21 December 2018;

Placement Shares means the 47,500,000 Shares issued on 2 January 2019;

Resolution means each resolution to be considered at the Meeting as set out in this Notice;

Share means a fully paid share in the issued share capital of the Company; and

Shareholder means a holder of Shares in the Company who is eligible to attend the Meeting.

ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS (Resolutions 2 and 3)

- The options held by the optionholder are exercisable in whole or in part at any time during the exercise period. Options not exercised before the expiry of the exercise period will lapse.
- Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price in cleared funds.
- The Company will not apply for official quotation on ASX for the options. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
- Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the optionholder dies, the legal personal representative of the deceased optionholder may:
 - elect to be registered as the new holder of the options;
 - whether or not he becomes so registered, exercise those options in accordance with the terms and conditions on which they were granted; and
 - if the deceased has already exercised options, pay the exercise price in respect of those options.
- An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
- If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
- If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

 - A = the new exercise price of the option;
 - O = the old exercise price of the option;
 - E = the number of underlying ordinary shares into which one option is exercisable;
 - P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex-rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
 - S = the subscription price for a security under the pro rata issue;
 - D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
 - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.



All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11.00am (Sydney Time) on Sunday, 24 February 2019**

TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/scigm2019>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11.00am (Sydney Time) on Sunday, 24 February 2019**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** <https://www.votingonline.com.au/scigm2019>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Silver City Minerals Limited

ACN 130 933 309

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Silver City Minerals Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at **Level 1, 80 Chandos Street, St Leonards NSW 2065** on **Tuesday, 26 February 2019** at **11:00am (Sydney Time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Approval of Prior Placement of Shares on 2 January 2019	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Issue of Unlisted Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Issue of Unlisted Options to Empire Capital Partners Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2019