

# SILVER CITY MINERALS LIMITED



## Quarterly Report

June 2019

**ASX Code: SCI**

Issued Shares: 293.7M  
Unlisted Options: 29.2M  
Cash Balance: \$0.44M  
ABN: 68 130 933 309

### DIRECTORS

Tom Pickett  
Darren Wates  
Josh Puckridge

### TOP SHAREHOLDERS

(At 31 July 2019)

|                      |      |
|----------------------|------|
| Upsky Equity/G Wates | 6.1% |
| L&M Group            | 4.5% |
| Jennings Family Inv  | 3.9% |
| Inkx                 | 3.0% |
| L Kalazich           | 3.0% |
| GTT Global           | 2.9% |

**Top 20: 46.7%**

### Head Office

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St Leonards NSW 2065  
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## Quarterly Activities & Appendix 5B

### *For the 3 Months Ending 30 June 2019 ("Period")*

Silver City Minerals Limited (SCI) (Company) is pleased to provide the following summary of its activities for the Period.

### OVERVIEW

During the Period the Company continued to assess its Copper Blow project south of Broken Hill (Figure 1). Copper-gold mineralisation can be (and is) associated with magnetite (ironstone) which can be detected under cover using the results of an existing aeromagnetic survey. Results show a magnetically anomalous zone extending over 4.5 kilometres. Copper-gold mineralisation has been systematically tested over a strike length of 1 kilometre in the southwestern part of the anomaly (Figure 2).

The Company has historically completed four rounds of drilling to test the depth extent of the copper-gold mineralisation at Copper Blow and an induced polarisation (IP) geophysical target to the southeast of Copper Blow.

Regional geophysical and geochemical surveys indicate the magnetic ironstone may be part of a much larger sulphide-mineralised complex. While strong anomalies occur in association with ironstones, other anomalies to the northeast and southeast of Copper Blow suggest widespread sulphide mineralisation at depth.

The current geological assumption remains that copper-gold and cobalt mineralisation is related to magmatic fluids derived from iron-magnesium igneous intrusions at depth.

During the year ended 30 June 2019, the Company was also granted two new tenements - EL 8862 (Clevedale) and EL 8863 (Himalaya) – see Table 1.

# SILVER CITY MINERALS LIMITED

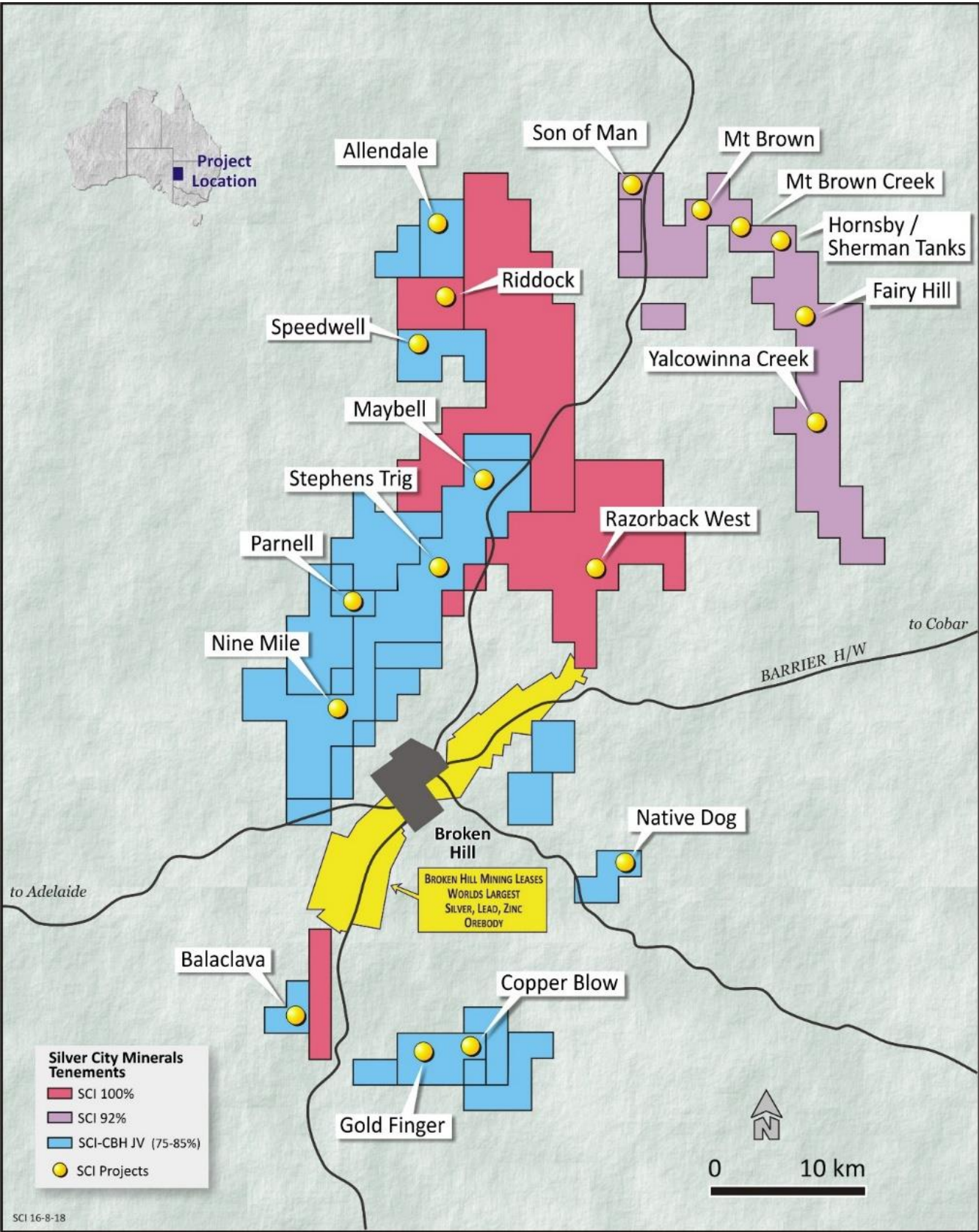
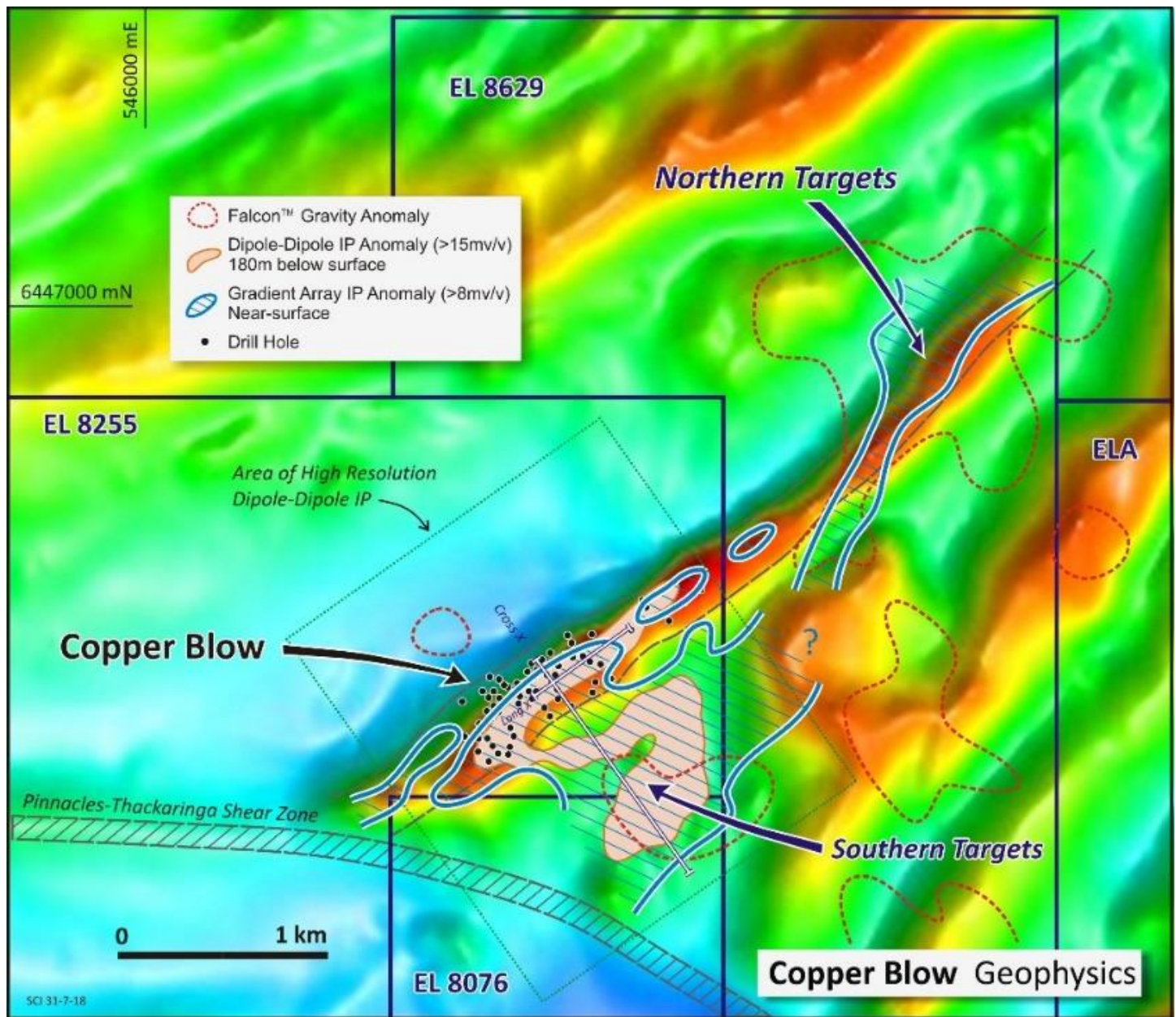


Figure 1 Silver City tenements at Broken Hill



# SILVER CITY MINERALS LIMITED



**Figure 2** 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 anomalies. 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.

## OPERATIONS

### ***Copper Blow (EL 8255, EL 8629, EL 8076; Joint venture with SCI 75%, CBH 25%)***

#### ***Drilling***

No drilling was conducted during the Period; to date the Company has drilled approximately 8,500 metres at Copper Blow prospect (see ASX Release 4 October 2018).

Drilling has tested the mineral system over a strike length of 1 kilometre; the mineralisation demonstrates the geological characteristics of an iron oxide copper gold deposit (IOCG), similar to those which form within an arcuate domain on the eastern side of the Gawler Craton in South Australia.

#### ***Geochemistry***

The previously conducted soil geochemistry (December Quarterly Report 2018) tested the geochemical response within and adjacent to the Copper Blow shear zone.

Three zones of anomalism have been recognised to date (Figures 3 and 4)

##### ***1. Copper Blow Geochemical Anomaly***

The zone has a strike length of 1.6 kilometres and is coincident with the magnetic ironstone at the southwest end of the belt. The soils are characterised by elevated copper (up to 2010 ppm), gold (up to 0.11 ppm), molybdenum (up to 35.2 ppm), nickel (up to 62.6 ppm) and cobalt (up to 114 ppm). Rare earth elements cerium and lanthanum are enriched as are yttrium and phosphorous.

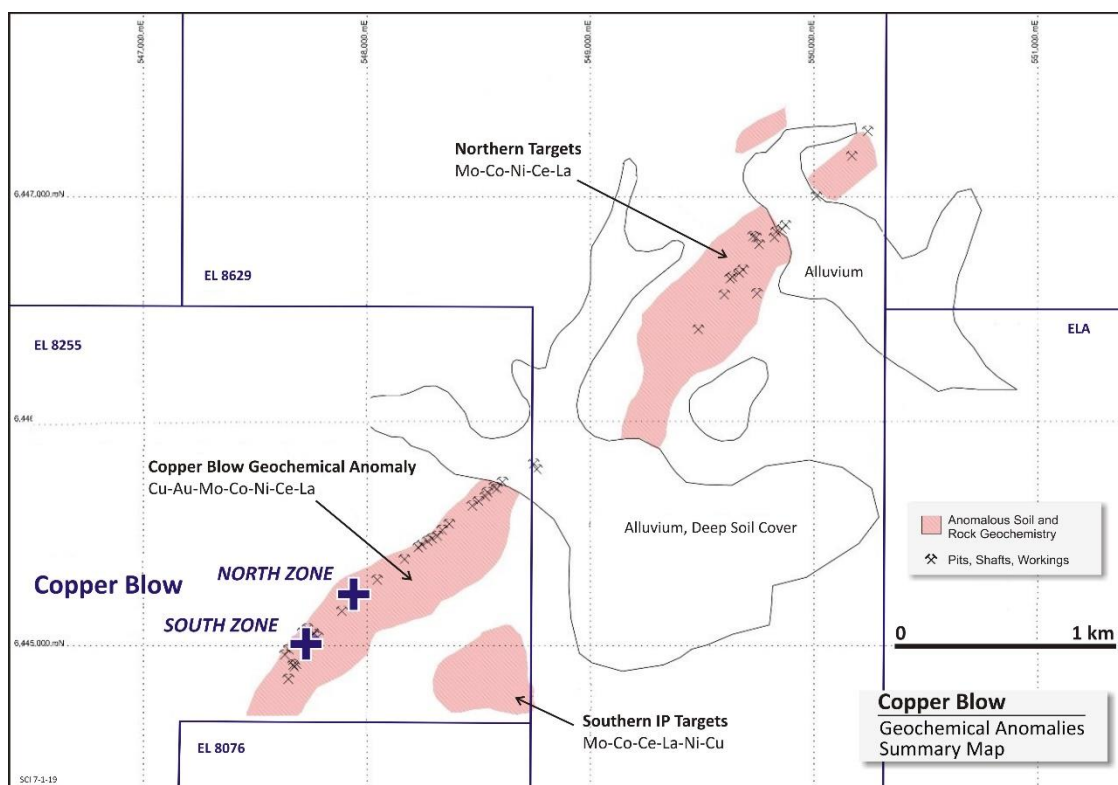
##### ***2. Northern Targets***

This zone extends for 1.1 kilometres. It is interpreted to extend both north and south beneath alluvial cover coincident with IP anomalism and may be connected to the Southern IP anomaly. This suggests a total untested strike of 2.7 kilometres.

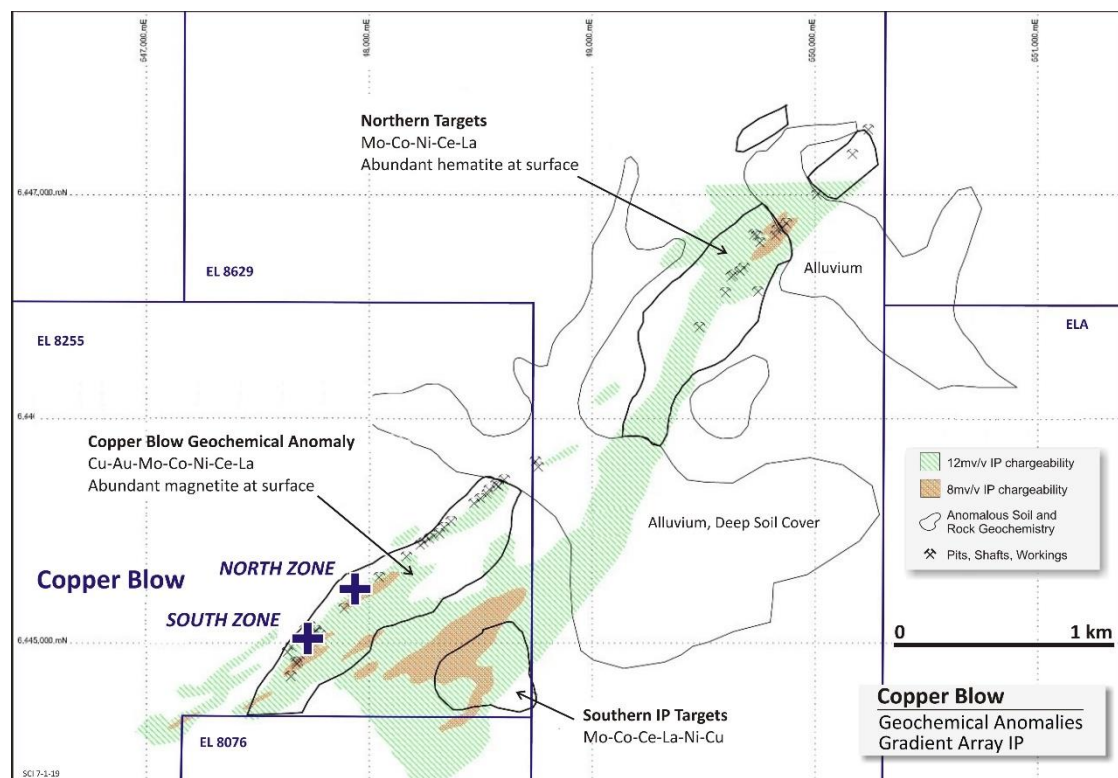
In the central area, the outcropping rocks in the shear zone are characterised by specular hematite and magnetite. Gossanous breccias occur at surface and host an abundant of iron oxide and sulphate minerals with quartz; suggestive of sulphide at depth (Plate 1). The geochemical response in soils indicates anomalous molybdenum (up to 10 ppm), cobalt (up to 33 ppm) and nickel (up to 79 ppm). Rare earths cerium and lanthanum are similarly anomalous. Copper in this zone returned a best result of 76.3 ppm.

A rock chip sample located in the northern part of this anomaly returned elevated cobalt and gold with no significant copper (sample 30566; **1485 ppm cobalt, 0.39 g/t gold** and 13 ppm copper; ASX Release 16 November 2017).

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**Figure 3** Diagram summarises anomalous elements and their distribution. To date drilling has been concentrated on the North and South Zones at Copper Blow



**Figure 4** Diagram superimposes geochemical anomalies on gradient array induced polarisation





**Plate 1** Northern Targets: Gossanous quartz breccias at surface likely to host sulphide mineralisation at depth.

### *3. Southern IP targets*

This is a target identified using IP. Residual soils over the IP anomaly are characterised by molybdenum (up to 6.6 ppm), nickel (up to 37 ppm) and copper (up to 87.3 ppm) anomalism. Cerium and lanthanum are similarly elevated. Of interest is a consistent zinc anomaly with a peak value of 659 ppm. Drillhole 18CB072 drilled into this anomaly encountered anomalous zinc with copper, bismuth and molybdenum (December Quarterly Report).

To date the Company has encountered significant copper-gold mineralisation in a magnetic ironstone located in a major crustal structure; the Copper Blow shear zone.

Geological models of IOCG deposits suggest there might also be intrusion-related mineralisation adjacent to the shear. Work already completed suggests widespread sulphide mineralisation and strong potassic hydrothermal alteration.

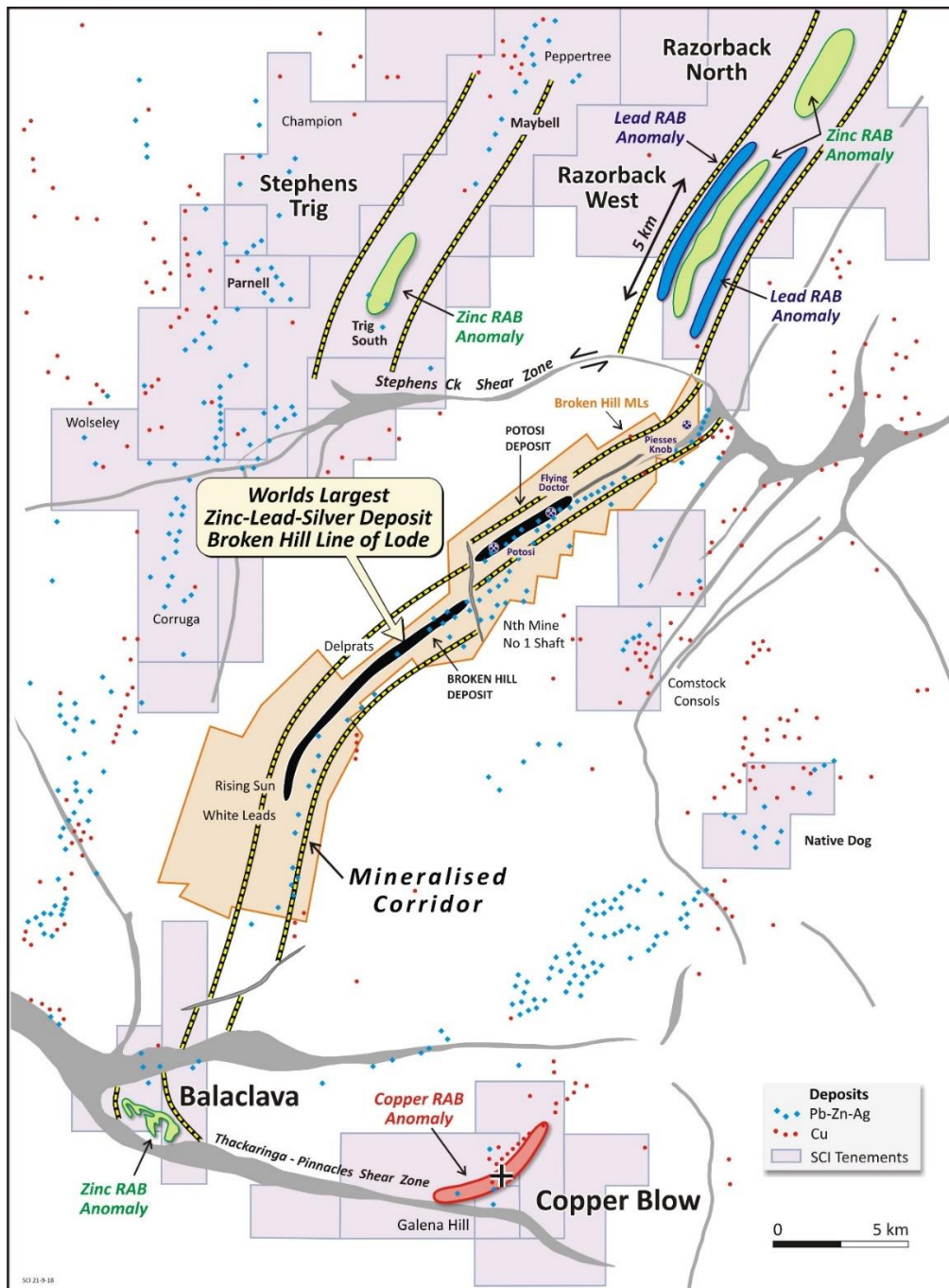
In the eastern part of the tenements there are several distinctive magnetic and gravity anomalies both north and south of the Copper Blow shear zone which have potential to host large copper-gold deposits.

### ***Razorback West (EL 8077 100% SCI)***



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The Company has identified several new targets based on coincident lead geochemistry, IP chargeability and gravity. These targets coincide with a prospective part of the rock sequence interpreted to be the Hores Gneiss. At Broken Hill, located 15 kilometres to the south, this rock hosts, or occurs close to Broken Hill ore zones. To date the lead anomalies at Razorback West have been untested by drilling (Figure 5).

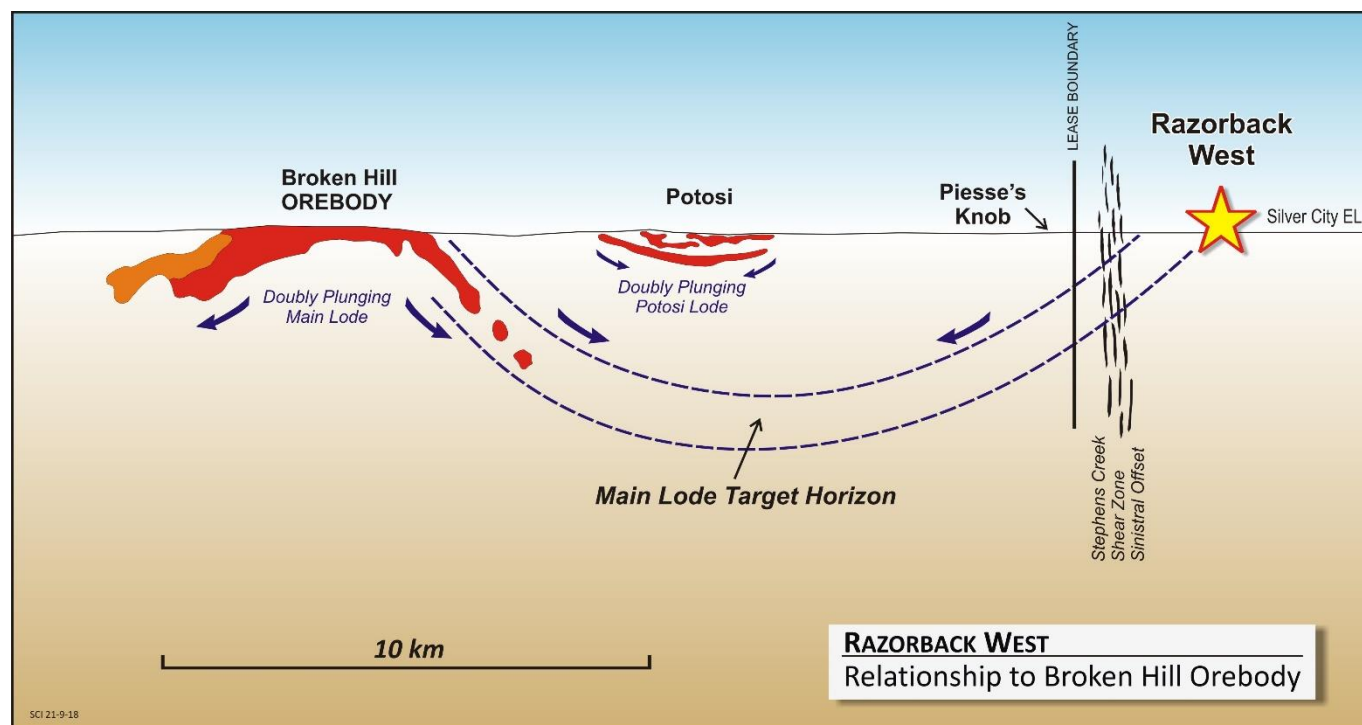


**Figure 5** Razorback West project in relation to the Broken Hill and Potosi deposits

A widely used conceptual interpretation of the nature of the Broken Hill and Potosi ore bodies at Broken Hill can be depicted in a longitudinal section. It shows the doubly plunging nature of high-grade mineralisation and

# SILVER CITY MINERALS LIMITED

importantly the location of the Stephens Creek shear zone and Razorback West. The model suggests that high grade Pb-Zn-Ag ore should come close to surface within the Razorback West tenement (Figure 6).



**Figure 6** Longitudinal section oriented generally northeast-southwest shows the location of the Main Lode Target Horizon. Razorback West is located where this Horizon would come to surface.

## Tenement Schedule

| Tenement | Name           | Granted Date | Expiry Date | Status  | Blocks | Registered Holder | Operator | JV   |
|----------|----------------|--------------|-------------|---------|--------|-------------------|----------|--|
| EL 7300  | Aragon         | 23/02/2009   | 22/02/2020  | GRANTED | 37     | SCI               | SCI      | CBH 15% Eaglehawk 0.5% NSR   |
| EL 8020  | Riddock        | 23/11/2012   | 22/11/2023  | GRANTED | 6      | SCI               | SCI      |  |
| EL 8075  | Willyama       | 15/04/2013   | 15/04/2022  | GRANTED | 40     | SCI               | SCI      | SCI 75% CBH 25%  |
| EL 8077  | Razorback      | 15/04/2013   | 15/04/2022  | GRANTED | 23     | SCI               | SCI      |  |
| EL 8078  | Yalcowinna     | 15/04/2013   | 15/04/2022  | GRANTED | 36     | SCI               | SCI      | Eaglehawk 8% in area previously EL 7319                                  |
| EL 8236  | Native Dog     | 11/02/2014   | 10/02/2020  | GRANTED | 4      | SCI               | SCI      | SCI 75% CBH 25%  |
| EL 8333  | Enmore         | 17/12/2014   | 16/12/2023  | GRANTED | 5      | SCI               | SCI      |  |
| EL 8454  | Yanco          | 9/08/2016    | 9/08/2019   | GRANTED | 19     | SCI               | SCI      |  |
| EL 8495  | Southern Cross | 22/12/2016   | 21/12/2019  | GRANTED | 11     | SCI               | SCI      | SCI 75% CBH 25%  |
| EL 8579  | Tindery        | 26/05/2017   | 25/05/2020  | GRANTED | 98     | SCI               | SCI      |  |
| EL 8685  | Aspen          | 23/01/2018   | 22/01/2024  | GRANTED | 2      | SCI               | SCI      | SCI 92% Eaglehawk 8%   |
| EL 8862  | Clevedale      | 17/06/2019   | 16/06/2022  | GRANTED | 8      | SCI               | SCI      | SCI 75% CBH 25%  |
| EL 8863  | Himalaya       | 17/06/2019   | 16/06/2022  | GRANTED | 29     | SCI               | SCI      | SCI 75% CBH 25%  |
| EL 7390* | Yellow Stone   | 20/08/2009   | 29/10/2023  | GRANTED | 41     | GCO               | GCO      | SCI has an agreement with Impact Minerals on the Pb-Zn rights of this EL |

**Table 1:** Tenement Schedule



# SILVER CITY MINERALS LIMITED

## CORPORATE

Following the Board changes in the previous Period, the Company has undergone a mass reduction in corporate overhead to ensure the preservation of capital.

The Company has begun a more pragmatic approach to business development. The Board is assessing all reasonable avenues to create shareholder growth, be it by the further development of any of its current projects or the acquisition of new projects that may be amenable to the creation of shareholder value.

*For, and on behalf of, the Board of directors of the Company,*

## SILVER CITY MINERALS LIMITED

### ABOUT Silver City Minerals Limited

Silver City Minerals Limited (SCI) is a base and precious metal explorer focused 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.

### **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.*

### **Compliance Statement**

*This report contains information extracted from reports cited herein. These are available to view on the website [www.silvercityminerals.com.au](http://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.*

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

Silver City Minerals Limited

**ABN**

68 130 933 309

**Quarter ended ("current quarter")**

30 June 2019

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers                               | 0                                  | 0   |
| 1.2 Payments for  |                                    |   |
| (a) exploration & evaluation                              | (43)                               | (780)   |
| (b) development   | 0                                  | 0   |
| (c) production  | 0                                  | 0   |
| (d) staff costs (excludes direct exploration salaries)    | (93)                               | (305)   |
| (e) administration and corporate costs                    | (46)                               | (278)   |
| 1.3 Dividends received (see note 3)                       | 0                                  | 0   |
| 1.4 Interest received                                     | 1                                  | 8   |
| 1.5 Interest and other costs of finance paid              | 0                                  | 0   |
| 1.6 Income taxes paid                                     | 0                                  | 0   |
| 1.7 Research and development refunds                      | 0                                  | 37  |
| 1.8 Other (provide details if material)                   |                                    |   |
| - Tenement security deposits refunded/(paid)              | (10)                               | (1)   |
| - Joint venture and grant income                          | 7                                  | 154   |
| - Consulting fees and rental income                       | -                                  | 20  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(184)</b>                       | <b>(1,247)</b>                                  |



## Mining exploration entity and oil and gas exploration entity quarterly report

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|--|
| <b>2.</b>                            | <b>Cash flows from investing activities</b>           |                            |  |
| 2.1                                  | Payments to acquire:                                  |                            |  |
|                                      | (a) property, plant and equipment                     | 0                          | (5)                                    |
|                                      | (b) tenements (see item 10)                           | 0                          | 0                                      |
|                                      | (c) investments                                       | 0                          | 0                                      |
|                                      | (d) other non-current assets                          | 0                          | 0                                      |
| 2.2                                  | Proceeds from the disposal of:                        |                            |  |
|                                      | (a) property, plant and equipment                     | 0                          | 0                                      |
|                                      | (b) tenements (see item 10)                           | 0                          | 0                                      |
|                                      | (c) investments                                       | 0                          | 0                                      |
|                                      | (d) other non-current assets                          | 0                          | 0                                      |
| 2.3                                  | Cash flows from loans to other entities               | 0                          | 0                                      |
| 2.4                                  | Dividends received (see note 3)                       | 0                          | 0                                      |
| 2.5                                  | Other (provide details if material)                   | 0                          | 0                                      |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>0</b>                   | <b>(5)</b>                             |

|             |   |          |            |
|-------------|---|----------|------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>                                 |          |            |
| 3.1         | Proceeds from issues of shares  | 0        | 570        |
| 3.2         | Proceeds from issue of convertible notes                                    | 0        | 0          |
| 3.3         | Proceeds from exercise of share options                                     | 0        | 0          |
| 3.4         | Transaction costs related to issues of shares, convertible notes or options | 0        | (44)       |
| 3.5         | Proceeds from borrowings  | 0        | 0          |
| 3.6         | Repayment of borrowings   | 0        | 0          |
| 3.7         | Transaction costs related to loans and borrowings                           | 0        | 0          |
| 3.8         | Dividends paid  | 0        | 0          |
| 3.9         | Other (provide details if material)   | 0        | 0          |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                       | <b>0</b> | <b>526</b> |

|           |  |       |         |
|-----------|--|-------|---------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |       |         |
| 4.1       | Cash and cash equivalents at beginning of period                             | 629   | 1,171   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (184) | (1,247) |

**Mining exploration entity and oil and gas exploration entity quarterly report**

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|---|------------------------------------|---|
| 4.3   | Net cash from / (used in) investing activities<br>(item 2.6 above)  | 0                                  | (5)   |
| 4.4   | Net cash from / (used in) financing activities<br>(item 3.10 above) | 0                                  | 526   |
| 4.5   | Effect of movement in exchange rates on<br>cash held                | 0                                  | 0   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of<br/>period</b>               | <b>445</b>                         | <b>445</b>                                      |

| <b>5.</b>  | <b>Reconciliation of cash and cash<br/>equivalents</b><br>at the end of the quarter (as shown in the<br>consolidated statement of cash flows) to the<br>related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 188                                | 382                                 |
| 5.2        | Call deposits   | 257                                | 247                                 |
| 5.3        | Bank overdrafts   |                                    |                                     |
| 5.4        | Other – term deposits   | -                                  | -                                   |
| <b>5.5</b> | <b>Cash and cash equivalents at end of<br/>quarter (should equal item 4.6 above)</b>  | <b>445</b>                         | <b>629</b>                          |

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

55

0

Salaries, Directors fees and consultancy fees at normal commercial rates.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

0

0



**Mining exploration entity and oil and gas exploration entity quarterly report****8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

| Total facility amount<br>at quarter end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|--|---|
| 0  | 0   |
| 0  | 0   |
| 0  | 0   |

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

|  |
|--|
|  |
|--|

**9. Estimated cash outflows for next quarter****\$A'000**


|            |  |            |
|------------|--|------------|
| 9.1        | Exploration and evaluation                         | 50         |
| 9.2        | Development  | 0          |
| 9.3        | Production   | 0          |
| 9.4        | Staff costs (excludes direct exploration salaries) | 20         |
| 9.5        | Administration and corporate costs                 | 50         |
| 9.6        | Other (provide details if material)                | 0          |
| <b>9.7</b> | <b>Total estimated cash outflows</b>               | <b>120</b> |

| 10.  | Changes in tenements (items 2.1(b) and 2.2(b) above)                                  | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|------|---|---------------------------------|--------------------|----------------------------------|----------------------------|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | N/A                             | N/A                | N/A                              | N/A                        |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased           | N/A                             | N/A                | N/A                              | N/A                        |

**Mining exploration entity and oil and gas exploration entity quarterly report**

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  ..... Date 31 July 2019  
(Director/Company secretary)

Print name: Sonu CHEema

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.