SILVER CITY MINERALS LIMITED



3 June 2021

GENERAL MEETING - NOTICE AND PROXY FORM

Dear Shareholder

Silver City Minerals Limited (**Company**), is convening a General Meeting of shareholders to be held on Monday 5 July 2021 at 9:00 am (AWST) at Suite 9, 330 Churchill Avenue, Subiaco, Western Australia (**Meeting**).

The Company recognises the current circumstances resulting from COVID-19 and the impact it is having, and is likely to continue to have, on physical meetings. Accordingly, the Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place to comply with the State and Federal Government's current restrictions for physical gatherings.

In accordance with the Australian Securities and Investments Commission's 'no action' position announced on 29 March 2021 via Media Release 21-061, the Company will not be sending hard copies of the Notice of Meeting (**Notice**). Instead, a copy of the Notice is available to be viewed and downloaded at the following link https://www.silvercityminerals.com.au/. Alternatively, a complete copy of the Notice of Meeting has been posted on the Company's ASX market announcements page.

As you have not elected to receive notices by email, a copy of your personalised proxy form is enclosed for your convenience. Shareholders are encouraged to complete and lodge their proxies online or otherwise in accordance with the instructions set out in the proxy form and the Notice.

Your proxy voting instruction must be received by 9:00 am (AWST) on Saturday, 3 July 2021, being not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting.

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the Notice of Meeting, please contact the Company's share registry, Boardroom Pty Limited on, 1300 737 760.

Circumstances relating to COVID-19 are changing rapidly. The Company will update shareholders if changing circumstances will impact the planning or arrangements for the Meeting by way of announcement on ASX and the details will also be made available on our website at https://www.silvercityminerals.com.au/.

Yours faithfully By order of the Board

Sonu Cheema
Director & Company Secretary
Silver City Minerals Limited

SILVER CITY MINERALS LIMITED ACN 130 933 309

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9.00 am (WST)

DATE: 5 July 2021

PLACE: Suite 9

330 Churchill Avenue SUBIACO WA 6008

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting and accompanying Independent Expert's Report should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Independent Expert has concluded that the transaction the subject of Resolution 1 of the Notice of Meeting is not fair, but reasonable to the non-associated Shareholders of the Company. All Shareholders should refer to the Independents Expert's Report enclosed with this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 9 am WST on Saturday, 3 July 2021.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF ISSUE OF SECURITIES TO GARDNER MINING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue:

- (a) 300,000,000 Shares to Gardner Mining as consideration for the Acquisition; and
- (b) up to 39,385,066 Shares to Gardner Mining pursuant to the Placement.

on the terms and conditions set out in the Explanatory Statement, which will result in Gardner Mining's voting power increasing from 0.00% up to a maximum of 37.87% in the capital of the Company."

Voting Exclusion Statement: No votes may be cast in favour of this Resolution by:

- (a) the person proposing to make the acquisition and their associates; or
- (b) the persons (if any) from whom the acquisition is to be made and their associates.

Accordingly, the Company will disregard any votes cast on this Resolution by Gardner Mining Pty Ltd and any of its associates, including Darren Michael White.

Short Explanation: The Company has entered into the Agreement pursuant to which the Company has agreed to issue 300,000,000 Shares to Gardner Mining (the vendor) to acquire 80% of the issued capital of GTPL and form an incorporated joint venture for the purpose of exploration and development on the Tenements. Gardner Mining also propose to subscribe for up to 39,385,066 Shares under the Company's Placement. As a result of these Shares issues, the voting power of Gardner Mining and their associates in the Company will increase above 20%. Accordingly, the Company seeks Shareholder approval for the issue and the acquisition of a relevant interest in these Shares by Gardner Mining and their associates in accordance with Section 611 item 7 of the Corporations Act.

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES – T1 PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 57,281,600 Shares on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 3 - ISSUE OF SHARES TO RELATED PARTY - T2 PLACEMENT PARTICIPATION - SONU CHEEMA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,666,667 Shares to Sonu Cheema (or his nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

4. RESOLUTION 4 - ISSUE OF SHARES TO RELATED PARTY - T2 PLACEMENT PARTICIPATION - LEO HORN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,666,667 Shares to Leo Horn (or his nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

5. RESOLUTION 5 - ISSUE OF INCENTIVE PERFORMANCE RIGHTS TO DIRECTOR - SONU CHEEMA

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 1,000,000 Performance Rights to Sonu Cheema (or his nominee) under the Performance Rights and Option Plan on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

6. RESOLUTION 6 - ISSUE OF INCENTIVE PERFORMANCE RIGHTS TO DIRECTOR - THOMAS PICKETT

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 1,000,000 Performance Rights to Thomas Pickett (or his nominee) under the Performance Rights and Option Plan on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

7. RESOLUTION 7 – ISSUE OF INCENTIVE PERFORMANCE RIGHTS TO DIRECTOR – LEO HORN

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 3,000,000 Performance Rights to Leo Horn (or his nominee) under the Performance Rights and Option Plan on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

8. RESOLUTION 8 – ISSUE OF INCENTIVE OPTIONS TO DIRECTOR – SONU CHEEMA

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 1,000,000 Options to Sonu Cheema (or his nominee) under the Performance Rights and Option Plan on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

9. RESOLUTION 9 – ISSUE OF INCENTIVE OPTIONS TO DIRECTOR – THOMAS PICKETT

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 1,000,000 Options to Thomas Pickett (or their nominee) under the Performance Rights and Option Plan on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

10. RESOLUTION 10 – ISSUE OF INCENTIVE OPTIONS TO DIRECTOR – LEO HORN

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 3,000,000 Options to Leo Horn (or his nominee) under the Performance Rights and Option Plan on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

Dated: 1 June 2021 By order of the Board

Sonu Cheema

Director and Company Secretary

Voting Prohibition Statement:

Resolution 5 – Issue of
Incentive Performance
Rights to Director – Sonu
Cheema

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 5 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 5 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 6 – Issue of Incentive Performance Rights to Director – Thomas Pickett

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 6 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 6 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 7 – Issue of Incentive Performance Rights to Director – Leo Horn

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 7 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 7 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 8 – Issue of Incentive Options to Director – Sonu Cheema

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 8 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 8 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 9 – Issue of Incentive Options to Director – Thomas Pickett

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 9 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 9 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 9 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 10 – Issue of Incentive Options to Director – Leo Horn

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 10 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 10 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or

 (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution.
Provided the Chair is not a Resolution 10 Excluded Party, the above prohibition does not apply if:
 (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 2 – Ratification of prior issue of Shares – T1 Placement	A person who participated in the issue or is a counterparty to the agreement being approved (namely the T1 Placement participant) or an associate of that person or those persons.
Resolution 3 – Issue of Shares to Related Party – Sonu Cheema	Sonu Cheema (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 4 – Issue of Shares to Related Party – Leo Horn	Leo Horn (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 5 – Issue of Incentive Performance Rights to Director – Sonu Cheema	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Sonu Cheema, Thomas Pickett and Leo Horn under Resolutions 5, 6 and 7) or an associate of that person or those persons.
Resolution 6 – Issue of Incentive Performance Rights to Director – Thomas Pickett	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Sonu Cheema, Thomas Pickett and Leo Horn under Resolutions 5, 6 and 7) or an associate of that person or those persons.
Resolution 7 - Issue of Incentive Performance Rights to Director – Leo Horn	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Sonu Cheema, Thomas Pickett and Leo Horn under Resolutions 5, 6 and 7) or an associate of that person or those persons.
Resolution 8 – Issue of Incentive Options to Director – Sonu Cheema	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Sonu Cheema, Thomas Pickett and Leo Horn under Resolutions 8, 9 and 10) or an associate of that person or those persons.
Resolution 9 – Issue of Incentive Options to Director – Thomas Pickett	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Sonu Cheema, Thomas Pickett and Leo Horn under Resolutions 8, 9 and 10) or an associate of that person or those persons.
Resolution 10 – Issue of Incentive Options to Director – Leo Horn	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Sonu Cheema, Thomas Pickett and Leo Horn under Resolutions 8, 9 and 10) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolutions (listed above) by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Voting Form and return by the time and in accordance with the instructions set out on the Voting Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6489 1600.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – APPROVAL OF ISSUE OF SECURITIES TO GARDNER MINING

1.1 General Background

On 7 April 2021, the Company announced it had entered into a share sale and joint venture agreement with Gardner Mining Pty Ltd (ACN 130 634 785) (**Gardner Mining**) and Gardner Tenements Pty Ltd (ACN 647 292 635) (**GTPL**) whereby:

- (a) the Company agrees to acquire 80% of the fully paid ordinary shares in the capital of GTPL from Gardner Mining (**Acquisition**); and
- (b) the Company and Gardner Mining will form an incorporated joint venture for the purpose of exploration and development on the Tenements (**Joint Venture**),

(the Agreement).

Pursuant to the Agreement, in consideration for the Acquisition, the Company has agreed to issue Gardner Mining 300,000,000 fully paid ordinary shares in the capital of the Company (**Shares**) at completion (**Consideration Shares**).

The Acquisition is conditional on (among other things) the Company completing the Placement (refer to section 2 for further detail) and obtaining all necessary regulatory and Shareholder approvals to effect the Acquisition, including the Company obtaining shareholder approval pursuant to item 7, 611 of the Corporations Act for the allotment and issue of the Consideration Shares to Gardner Mining.

A summary of the material terms of the Agreement are set out below at Section 1.3.

In addition to the issue of the Consideration Shares, Resolution 1 also seeks Shareholder approval for the issue of up to 39,385,066 Shares to Gardner Mining under the Placement.

As a result of the issue of Shares to Gardner Mining pursuant to the Agreement and the Placement, the voting power in the Company of Gardner Mining and their associates will increase from 0.00% at the date of this Notice to a maximum of 37.87% at completion of the Acquisition.

As this maximum voting power will exceed 20%, the Company seeks Shareholder approval pursuant to Resolution 1 for the purpose of Section 611 item 7 of the Corporations Act for the acquisition by Gardner Mining of the relevant interest in 339,385,066 Shares.

1.2 About Gardner Mining and GTPL

Gardner Mining is the legal and beneficial owner of the tenements that comprise the Austin Gold project (**Austin Gold Project**) as set out in the table below (together, the **Tenements**), located approximately 45km north of Mt Magnet, Western Australia.

Tenement	Project	Area	Holder	Grant Date	Expiry Date
M 21/154	Austin	487.85 Ha	Gardner Mining Pty Ltd	20/01/2010	19/01/2031
E21/201	Austin	31 BL	Gardner Mining Pty Ltd	13/08/2019	12/08/2024
P 21/716	Austin	8 Ha	Gardner Mining Pty Ltd	8/04/2014	7/04/2022
E 58/543	Austin	3 BL	Gardner Mining Pty Ltd	13/08/2019	10/06/2024
E58/510	Austin	26 BL	Gardner Mining Pty Ltd	31/05/2018	30/05/2023

GTPL is a new incorporated and wholly owned subsidiary of Gardner Mining. As a condition of the Agreement, Gardner Mining must transfer ownership of the Tenements to GTPL. Accordingly, at completion of the Acquisition, GTPL will be the legal and beneficial owner of 100% interest in the Tenements.

The Tenements cover prospective greenstone stratigraphy of the Mt Magnet and Tuckabianna Greenstone Belts and are located adiacent Musgrave Minerals Ltd (Musgrave) developing 613Koz Cue Project and recent Starlight discovery. The license package contains a number of small-scale gold mine workings where several styles of gold mineralisation have been confirmed by previous exploration including vein-hosted high-grade coarse gold, banded iron formation (BIF)-hosted gold as well as alluvial and eluvial gold at surface. Limited shallow drilling has been historically undertaken however several significant drilling intersections have never been followed up. A number of other targets have also been delineated by surface trench sampling.

The Austin Gold Project is regarded by the Company to be extremely underexplored and highly prospective for the discovery of significant gold deposits. The Board believes that the license package is located in a strategic position where the key host rock stratigraphy to the various gold deposits held by Musgrave have been repeated due to a large regional fold.

In addition, it is possible that many of the key cross structures intimately associated with high-grade ore shoots, including the Starlight discovery, extend southeast onto the Austin Gold Project licenses. The Company believes the Austin Gold Project compliments the current asset portfolio particularly given the recent extensive work programs and acquisitions on gold projects within Western Australia and New South Wales.

1.3 Terms of the Agreement

A summary of the key terms and conditions of the Agreement is set out below.

(a) Conditions

Settlement of the Acquisition (**Settlement**) is conditional upon satisfaction or waiver of the following:

- (i) Gardner Mining transferring ownership of the Tenements to GTPL so that GTPL is the legal and beneficial owner of 100% interest in the Tenements;
- (ii) The Company completing financial, legal and technical due diligence on GTPL and the Tenements, to the absolute satisfaction of the Company;

- (iii) Gardner Mining completing financial, legal and technical due diligence on the Company, to the absolute satisfaction of the Gardner Mining;
- (iv) the parties obtaining all third-party approvals and consents necessary to lawfully complete the matters set out in the Agreement;
- (v) the parties obtaining all necessary regulatory and shareholder approvals pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) or any other law to allow the parties to lawfully complete the matters set out in the Agreement, including without limitation, the Company obtaining shareholder approval pursuant to item 7, 611 of the Corporations Act for the allotment and issue of the Consideration Shares to Gardner Mining;
- (vi) there being no event occurring prior to the date of Settlement which materially and adversely affects the Company, Gardner Mining, GTPL and/or the Tenements, including a breach of warranty;
- (vii) the Company completing a capital raising of not less than \$1,000,000 at an issue price of not less than \$0.015 per Share;
- (viii) Gardner Mining submitting a mine closure plan in respect of M21/154 to the Department of Mines, Industry Regulation and Safety for approval and obtaining the approval on terms satisfactory to the Company; and
- (ix) entry into a shareholders agreement on customary terms.

(b) Consideration

Subject to the terms and conditions of the Agreement, in consideration for the Acquisition, the Company agrees to issue to Gardner Mining 300,000,000 Shares at a deemed issued price of \$0.015 per Share (Consideration Shares).

(c) Escrow

Gardner Mining agrees that Consideration Shares will be subject to voluntary escrow for a period of 12 months from the date of issue.

(d) **Settlement**

Settlement will occur on that date which is 5 business days after the satisfaction (or waiver) of the Conditions (**Settlement Date**). Settlement is to occur on or before the date that is six months after the date of execution of the Agreement.

(e) Joint Venture

On and from the Settlement Date, the Company and Gardner Mining (**JV Parties**) will be deemed to have established and commenced the Joint Venture on terms that are typically included in standard sale and

joint venture agreements in relation to exploration and mining incorporated joint ventures. Terms of the Joint Venture include:

- (i) At the commencement of the Joint Venture, the JV Parties will have the following interests in the Joint Venture:
 - (A) Company 80%; and
 - (B) Gardner Mining 20%.
- (ii) Subject to compliance with terms of the Agreement, Gardner Mining will retain the right to access and process, by their own means, any mineral located in the top 5 metres of the Tenements, provided the necessary permits are acquired and Gardner Mining is complying with all applicable laws and all environmental, health and safety regulations.
- (iii) The Company will solely fund all costs incurred in connection with the activities of the Joint Venture including exploration on and development of the Tenements, and outgoings (rents, rates and associated costs) required to maintain the Tenements in good standing and free carry Gardner Mining's interest in the Joint Venture until such time as the Company (in its absolute discretion) decides to proceed with mining operations on either of the Tenements (**Decision to Mine**) (the **Free Carried Period**).
- (iv) The Company will be appointed as manager of the Joint Venture and will have sole discretion to decide on expenditure and operations of the Joint Venture during the Free Carried Period.

(f) **Board Appointment**

Gardner Mining has the right to appoint a director who is to remain on the Board of GTPL to represent its 20% interest in the Joint Venture. A director appointed by Gardner Mining may only be removed or replaced by GTPL, subject to the provisions of the Corporations Act.

The Agreement otherwise includes terms that are standard for an agreement of its nature including warranties, indemnities, exclusivity and confidentiality provisions.

1.4 General

Resolution 1 seeks Shareholder approval for the purpose of Item 7 of section 611 of the Corporations Act to allow the Company to issue the Consideration Shares to Gardner Mining under the Agreement, and up to 39,385,066 Shares to Gardner Mining under the Placement (Issues).

The Issues will result in Gardner Mining's voting power (assuming all Shares are issued pursuant to Resolutions 4 to 4) in the Company to increase from 0.00% at the date of this Notice to a maximum of 37.87%.

Pursuant to ASX Listing Rule 7.2 (Exception 8), Listing Rule 7.1 does not apply to an issue of securities approved for the purpose of Item 7 of section 611 of the Corporations Act. Accordingly, if Shareholders approve the Issues pursuant to Resolution 1, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and

the additional 10% annual capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

1.5 Item 7 of section 611 of the Corporations Act

(a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%,

(Prohibition).

(b) Voting Power

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) Gardner Mining's existing holdings in the Company

As of the date of this Notice, Gardner Mining does not currently hold any Shares or Options in the Company.

(d) Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) (pursuant to section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;
 - (B) a body corporate that controls the first person; or
 - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(e) Relevant Interests

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%; or
- (ii) a body corporate that the person controls.

(f) Associates of Gardner Mining

For the purposes of the Corporations Act, the following persons are deemed to be associates of Gardner Mining:

(i) Darren Michael White,

(Gardner Mining Associates).

The nature of each of the Gardner Mining Associates relevant interest is summarised below:

Name of party to whom "Associate" reference relates	Name of Gardner Mining Associate	Reason for association
Gardner Mining	Darren Michael White	Relevant interest by virtue of section 608(3)(b) of the Act as controller of Gardner Mining.

1.6 Reason section 611 approval is required

Item 7 of section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval. Following the Issues, Gardner Mining will have a relevant interest in 339,385,066 Shares in the Company, representing 37.87% voting power in the Company. This assumes that no other Shares are issued, or Options are exercised.

Accordingly, Resolution 1 seeks Shareholder approval for the purpose of section 611 Item 7 and all other purposes to enable the Company to issue the Shares under the Issues to Gardner Mining.

In addition, the Gardner Mining Associates identified in section 1.5(f) above will have a relevant interest in any securities held by Gardner Mining. Shareholder approval is required to enable the Gardner Mining Associates to acquire a relevant interest in the securities issued to Gardner Mining as their voting power in the Company could also increase above 20%.

1.7 Specific Information required by section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by HLB Mann Judd Corporate (WA) Pty Ltd (ABN 69 008 878 555) (AFSL 250903) annexed to this Explanatory Statement.

(a) Identity of the Acquirer and its Associates

It is proposed that Gardner Mining will be issued the Consideration Shares in accordance with the terms of the Agreement as set out in Section 1.3 of this Explanatory Memorandum.

The identity of the Gardner Mining Associates and the nature of their relevant interest is summarised in Section 1.5(f) of this Explanatory Statement.

(b) Relevant Interest and Voting Power

(i) Relevant Interest

The relevant interests of Gardner Mining and each Gardner Mining Associate in voting shares in the capital of the Company (both current, and following the issue of the Consideration Shares to Gardner Mining as contemplated by this Notice) are set out in the table below:

Party	Capacity	Relevant Interest as at the date of this Notice of Meeting	Shares to be received pursuant to the Agreement	Shares to be received pursuant to the Placement	Relevant Interest after the Issues
Gardner Mining	Direct				
Darren Michael White	Direct interest	Nil	300,000,000	39,385,066	339,385,066
TOTAL		Nil	300,000,000	39,385,066	339,385,066

Assuming all the Shares are issued to Gardner Mining pursuant to Resolution 1, the relevant interests of Gardner Mining and each Gardner Mining Associate in voting shares in the capital of the Company will be 339,385,066 Shares.

The Agreement is the only relevant agreement between the Company, Gardner Mining and the Gardner Mining Associates in relation to the Company and this does not affect or relate to the control or influence of the Company's board or the Company's affairs.

(ii) Voting Power

The voting power of Gardner Mining and each Gardner Mining Associate (both current, and following the completion of the Issues the subject of Shareholder approval under Resolution 1 to Gardner Mining as contemplated by this Notice) is set out in the table below:

Party	Voting Power as at the date of this Notice of Meeting	Voting Power after Shareholder approval of Resolution 1	Voting Power after issue of the Consideration Shares	
Gardner Mining	0.00%	0.00%	37.87%	
Darren Michael White				
TOTAL	0.00%	0.00%	37.87%	

Further details on the voting power of Gardner Mining and the Gardner Mining Associates are set out in the Independent Expert's Report prepared by HLB Mann Judd Corporate (WA) Pty Ltd (ABN 69 008 878 555) (AFSL 250903).

(iii) Summary of increases

From the above chart it can be seen that:

- (A) The maximum relevant interest that Gardner Mining will hold after completion of the Issues is 339,385,066 Shares, and the maximum voting power that Gardner Mining will hold is 37.87%. This represents a maximum increase in voting power of 37.87% (being the difference between 0.00% and 37.87%).
- (B) The maximum relevant interest that the Gardner Mining Associates will hold after completion of the Issues is 339,385,066 Shares, and the maximum voting power that the Gardner Mining Associates will hold is 37.87%. This represents a maximum increase in voting power of 37.87% (being the difference between 0.00% and 37.87%).

(iv) Assumptions

Note that the following assumptions have been made in calculating the above:

(A) the Company has 553,578,103 Shares on issue as at the date of this Notice of Meeting;

- (B) the Company has issued all of the Shares the subject of this Resolution 1 and all of the Shares the subject of Resolutions 3 and 4 under the Placement;
- (C) the Company does not issue any additional Shares (other than pursuant to the Placement);
- (D) no Options are exercised or performance securities converted; and
- (E) Gardner Mining and the Gardner Mining Associates do not acquire any additional Shares.

(c) Reasons for the proposed issue of securities

As set out in Section 1.1 of this Explanatory Statement, the reason for the issue of securities to Gardner Mining is to satisfy the Company's obligations under the Agreement for the Acquisition. Gardner Mining also wish to subscribe for 39,385,066 Shares under the Company's Placement being their pro-rata allocation to maintain theirs percentage ownership in the Company post the issue of the Consideration Shares.

(d) Date of proposed issue of securities

The Issues the subject of Resolution 1 will be issued on a date after the Meeting. The 39,385,066 Shares to be issued to Gardner Mining for participation in tranche of the Placement will be issued on a date after the Meeting prior to the issue of Consideration Shares. The date for the issue of Consideration Shares will be determined by the Company and Gardner Mining in accordance with the Agreement.

(e) Material terms of proposed issue of securities

As set out in Sections 1.1 and 1.3 of this Explanatory Statement, the Company is proposing to issue 300,000,000 Consideration Shares at a deemed issue price of \$0.015 per Share in consideration for the Acquisition.

As detailed in Sections 1.1 and 2, the Company also proposes to issue up to 39,385,066 Shares at an issue price of \$0.015 per Share under the Placement to Gardner Mining on the same terms and conditions as the other Placement participants.

(f) Gardner Mining's Intentions

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that Gardner Mining (or any of the Gardner Mining Associates):

- (i) has no present intention of making any significant changes to the business of the Company;
- (ii) has no present intention to inject further capital into the Company;
- (iii) has no present intention of making changes regarding the future employment of the present employees of the Company;

- (iv) does not intend to redeploy any fixed assets of the Company;
- (v) does not intend to transfer any property between the Company and Gardner Mining or any of the Gardner Mining Associates; and
- (vi) has no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to Gardner Mining and the Gardner Mining Associates at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(g) Interests and Recommendations of Directors

- (i) None of the current Board members have a material personal interest in the outcome of Resolution 1.
- (ii) All of the Directors are of the opinion that the Agreement is in the best interests of Shareholders and, accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1. The Director's recommendations are based on the reasons outlined in Section 1.8 below.
- (iii) The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

(h) Capital Structure

Below is a table showing the Company's current capital structure and the possible capital structure on completion of the Issues.

	Shares	Options
Balance at the date of this Notice	553,578,1031	84,038,7502
Issue of T2 Shares ³	42,718,400	-
Issue of Consideration Shares	300,000,000	-
Total	896,296,503	84,038,750

Notes:

- 1. Total number of Shares includes 7,500,000 Shares subject to voluntary escrow until 21 July 2021.
- 2. Being 4,000,000 Options exercisable at \$0.06 on or before 6 June 2022, 26,750,000 Options exercisable at \$0.03 on or before 27 February 2022, 53,288,750 Options exercisable at \$0.02 on or before 31 October 2022.
- 3. Comprising, 39,385,066 Shares to be issued to Gardner Mining subject to Shareholder approval being sought under Resolution 1 and 3,333,334 Shares to

be issued to Directors (or their nominees) subject to Shareholder approval being sought under Resolutions 4 and 5.

4. Assumes that:

- (a) the maximum number of Shares, being 42,718,400, are issued under Tranche 2 of the Placement; and
- (b) no additional Shares are issued by the Company (including no Options exercised).

1.8 Advantages of the Issues – Resolution 1

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 1:

- (a) the license package held by GTPL is located in a strategic position where the key host rock stratigraphy to the various gold deposits held by Musgrave have been repeated due to a large regional fold;
- (b) the Austin Gold Project compliments the current asset portfolio of the Company particularly given the recent extensive work programs and acquisitions on gold projects within Western Australia and New South Wales;
- (c) the issue of Consideration Shares to Gardner Mining will complete the Company's obligations under the Agreement and will not require renegotiation of its terms; and
- (d) HLB Mann Judd Corporate (WA) Pty Ltd has concluded that the issue of the Consideration Shares is fair and reasonable to the non-associated shareholders.

1.9 Disadvantages of the Issues – Resolution 1

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on proposed Resolution 1:

- (a) on completion of the Issues, Gardner Mining will increase its voting power from 0.00% (as at the date of this Notice) to 37.87%, reducing the voting power of non-associated Shareholders in aggregate from 100% to 62.13%; and
- (b) there is no guarantee that the Company's Shares will not fall in value as a result of the Issue.

1.10 Independent Expert's Report – Resolution 1

The Independent Expert's Report prepared by HLB Mann Judd Corporate (WA) Pty Ltd (ABN 69 008 878 555) (AFSL 250903) (a copy of which is attached as Annexure A to this Explanatory Statement) assesses whether the transactions contemplated by Resolution 1 are fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transactions contemplated by Resolution 1 are not fair but reasonable to the non-associated Shareholders of the Company.

The Independent Expert notes that the key advantages of the proposal raised in Resolution 1 to the Company and existing Shareholders are as follows:

- (a) The GT exploration projects provide SCI with a new direction and a diversification of its asset portfolio, together with the potential upside that exploration and potential development of these projects may bring;
- (b) the license package held by GT is located in a strategic position where the key host rock stratigraphy to the various gold deposits held by Musgrave have been repeated due to a large regional fold;
- (c) the Austin Gold Project compliments the current asset portfolio of the Company particularly given the recent extensive work programs and acquisitions on gold projects within Western Australia and New South Wales;
- (d) The potential increase in market capitalisation (as demonstrated by trading post announcement) of the Company following the Proposed Transaction and the associated Capital Raising may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity which are not currently present;
- (e) The consideration for the Proposed Transaction is primarily shares, thereby allowing more funds raised from the Placement to be used directly on activities relating to the GT exploration projects; and
- (f) The Board of SCI has not received any alternative proposal to the Proposed Transaction.

The key disadvantages noted by the Independent Expert are as follows:

- (a) The GT exploration assets have been subject to limited exploration. Exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company and there is no assurance that exploration on GT tenements will result in the discovery of an economic resource. Even if an apparently viable project is identified, there is no guarantee that it can be economically exploited;
- (b) Future outlays of funds from the Company may be required for the operations of GT, and
- (c) The Proposed Transaction will result in the issue of shares to the current owner of GT, Gardner Mining, which will give Gardner Mining voting power of 37.87%, reducing the voting power of non-associated Shareholders in aggregate from 100% to 62.13%. SCI shareholders are not receiving a premium for this loss of control.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

1.11 ASX Listing Rule 7.1

Approval under ASX Listing Rule 7.1 is not required for the issue of the Consideration Shares as approval is being obtained for the purposes of Item 7 of section 611 of the Corporations Act, which is an exception to ASX Listing Rule 7.1

Accordingly, the issue of the Consideration Shares to Gardner Mining will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

2. BACKGROUND TO RESOLUTIONS 2 TO 4 – PLACEMENT

As set out in Section 1.3(a)(vii), as a condition to Settlement of the Acquisition, the Company is required to complete a capital raising at an issue price of not less than \$0.015 per Share to raise up to \$1,000,000.

On 7 April 2021, the Company announced it has received firm commitments to raise up to a total of \$1,500,000 (before costs) through a placement of 100,000,000 shares at an issue price of \$0.015 per Share (**Placement**).

The Shares issued under the Placement will be issued in two tranches as follows:

- (a) the first tranche comprises 57,281,600 Shares which were issued on 15 April 2021 pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1 (ratification of which is being sought pursuant to Resolution 2) (**T1 Placement**); and
- (b) the second tranche comprises 42,718,400 Shares (**T2 Placement**) to be issued as follows:
 - (i) 39,385,066 Shares to be issued to Gardner Mining subject to Shareholder approval being sought under Resolution 1; and
 - (ii) 3,333,334 Shares to be issued to Directors (or their nominees) subject to Shareholder approval being sought under Resolutions 3 and 4.

Accordingly, the Company is seeking shareholder approval for the issue of Shares under the T2 Placement to Directors Sonu Cheema and Leo Horn and the Gardner Mining under Resolutions 3, 4 and 1 respectively.

The purpose of the Placement is to raise up to \$1,500,000 before costs to satisfy the condition in the Agreement, which the Company intends to apply towards exploration and development of the Austin Gold Project, the Company's existing exploration assets and for working capital purposes.

The Company engaged the services of Canaccord Genuity (Australia) Limited (ACN 075 071 466) (AFSL 234666) (**Canaccord**), to manage the issue of the Shares under the Placement. The Company has agreed to pay Canaccord a fee of 6% of the total amount raised under the Placement.

3. RESOLUTION 2 - RATIFICATION OF PRIOR ISSUE OF SHARES - T1 PLACEMENT

3.1 General

As detailed in Section 2, Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 57,281,600 Shares issued under the T1 Placement at an issue price of \$0.015 per Share to raise \$859,224 (before costs) (**T1 Shares**).

3.2 Listing Rules 7.1 and 7.1A

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval

of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%. The Company obtained approval to increase its limit to 25% at the annual general meeting held on 26 November 2020.

The issue of the T1 Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the date of issue of the T1 Shares.

3.3 Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made provided the issue or agreement did not breach Listing Rule 7.1. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the T1 Shares.

Resolution 2 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the T1 Shares.

3.4 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, the T1 Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the T1 Shares.

If Resolution 2 is not passed, the T1 Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12-month period following the date of issue of the T1 Shares.

3.5 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 2:

- (a) the T1 Shares were issued to professional and sophisticated investors who are clients of Canaccord. The recipients were identified through a bookbuild process, which involved Canaccord seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:

- (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
- (ii) issued more than 1% of the issued capital of the Company;
- (c) 57,281,600 T1 Shares were issued and the T1 Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the T1 Shares were issued on 15 April 2021;
- (e) the issue price was \$0.015 per T1 Shares. The Company has not and will not receive any other consideration for the issue of the T1 Shares;
- (f) the purpose of the issue of the T1 Shares was to satisfy the Company's obligations under the Agreement as required to complete the Acquisition and raise \$859,224 (before costs), which will be applied towards the exploration and development of the Austin Gold Project, the Company's existing exploration assets and for working capital purposes; and
- (g) the T1 Shares were not issued under an agreement.

4. RESOLUTIONS 3 AND 4 – ISSUE OF SHARES TO RELATED PARTIES – T2 PLACEMENT PARTICIPATION

4.1 General

As set out in Section 2 above, Directors Sonu Cheema and Leo Horn (or their respective nominees) (**Related Parties**) wish to participate in the Placement on the same terms as unrelated participants in the Placement.

Accordingly, Resolutions 3 and 4 seek Shareholder approval for the issue of:

- (a) up to 1,666,667 Shares to Sonu Cheema (or his nominee) (being the subject of Resolution 3); and
- (b) up to 1,666,667 Shares to Leo Horn (or his nominee) (being the subject of Resolution 4),

(together, Related Party Shares).

4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issues of the Related Party Shares would constitute giving a financial benefit and the Related Parties, are each a related party of the Company by virtue of being a Director.

The Directors (other than Sonu Cheema who abstained) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 3 because the Shares will be issued to Sonu Cheema (or his nominee) on the same terms as Shares issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms, an exception under section 210 of the Corporations Act.

The Directors (other than Leo Horn who abstained) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 4 because the Shares will be issued to Leo Horn (or his nominee) on the same terms as Shares issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms, an exception under section 210 of the Corporations Act.

4.3 Section 195(4) of the Corporations Act

Section 195 of the Corporations Act provides that a Director of a public company may not vote or be present during meetings of Directors when matters in which that Director holds a "material personal interest" are being considered, except in certain limited circumstances. Section 195(4) provides that if there are not enough Directors to form a quorum for a Directors meeting because of this restriction, one or more of the Directors may call a general meeting and the general meeting may pass a resolution to deal with the matter.

It might be argued (but it is neither conceded nor, indeed, is it thought by the Board to be the case) that two of the three Directors comprising the Board have a material personal interest in the outcome of Resolutions 3 and 4 as an issue of Shares is proposed for two Directors. If the two Directors do have such an interest, then in accordance with section 195(4) a quorum could not be formed to consider the matters contemplated by Resolutions 3 and 4 at Board level.

Accordingly, for the avoidance of any doubt, and for the purpose of transparency and best practice corporate governance, the Company also seeks Shareholder approval for the purposes of section 195(4) of the Corporations Act for the issue of Shares proposed under Resolutions 3 and 4 and in respect of the Board decision to apply the arm's length exception under section 210 of the Corporations Act to these issues.

4.4 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;

- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issues of the Related Party Shares fall within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12., and accordingly, approval of Shareholders under Listing Rule 10.11 is required.

Resolutions 3 and 4 seek Shareholder approval for the issues of Related Party Shares under and for the purposes of Listing Rule 10.11.

4.5 Technical information required by Listing Rule 14.1A

If Resolutions 3 and 4 are passed, the Company will be able to proceed with the issue of the Related Party Shares within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and will raise additional funds which will be used in the manner set out in Section 2 above. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Shares (because approval is being obtained under Listing Rule 10.11), the issue of the Related Party Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 3 and 4 are not passed, the Company will not be able to proceed with the issue of the Related Party Shares and no further funds will be raised in respect of the Placement.

4.6 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 3 and 4:

- (a) The Related Party Shares will be issued to the following persons:
 - (i) Sonu Cheema (or his nominee) pursuant to Resolution 3; and
 - (ii) Leo Horn (or his nominee) pursuant to Resolution 4,

each of whom falls within the category set out in Listing Rule 10.11.1 by virtue of being a Director;

- (b) the maximum number of Shares to be issued to Related Parties (being the nature of the financial benefit proposed to be given) is 3,333,334 Shares comprising:
 - (i) 1,666,667 Shares to Sonu Cheema (or his nominee) pursuant to Resolution 3; and
 - (ii) 1,666,667 Shares to Leo Horn (or his nominee) pursuant to Resolution 4;

- (c) the Related Party Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued no later than one (1) month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares will be issued on the same date:
- (e) the issue price will be \$0.015 per Related Party Share, being the same issue price as all other Shares issued to other participants in the Placement. The Company will not receive any other consideration for the issue of the Shares:
- (f) the purpose of the issue of Related Party Shares is to raise \$50,000 (before costs) under the Placement, which the Company intends to use in the manner set out in Section 2 of this Notice:
- (g) the Related Party Shares to be issued are not intended to remunerate or incentivise the Related Parties;
- (h) the Related Party Shares are not being issued under an agreement; and
- (i) a voting exclusion statements is included in respect of Resolutions 3 and 4 of the Notice.

5. RESOLUTIONS 5 TO 7 – ISSUE OF INCENTIVE PERFORMANCE RIGHTS TO DIRECTORS

5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue up to 5,000,000 Performance Rights to Directors Sonu Cheema, Thomas Pickett and Leo Horn (or their nominees) (**Related Parties**) pursuant to the Company's Performance Rights and Option Plan (**Incentive Plan**) and on the terms and conditions set out below (**Incentive Performance Rights**).

The 5,000,000 Performance Rights comprises the issue of:

- (a) 500,000 Class A Performance Rights and 500,000 Class B Performance Rights) to Sonu Cheema (or his nominee) pursuant to Resolution 7;
- (b) 500,000 Class A Performance Rights and 500,000 Class B Performance Rights) to Thomas Pickett (or his nominee) pursuant to Resolution 8; and
- (c) 1,500,000 Class A Performance Rights and 1,500,000 Class B Performance Rights) to Leo Horn (or his nominee) pursuant to Resolution 9.

Full terms and conditions of the Performance Rights are set out in Schedule 1.

5.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Incentive Performance Rights to the Related Parties constitutes giving a financial benefit and each of the Related Parties is a related party of the Company by virtue of being a Director.

As the Incentive Performance Rights are proposed to be issued to all of the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Incentive Performance Rights. Accordingly, Shareholder approval for the issue of Incentive Performance Rights to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

5.3 Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Incentive Performance Rights to the Related Parties falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 7 to 9 seek the required Shareholder approval for the issue of the Incentive Performance Rights under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14.

5.4 Technical information required by Listing Rule 14.1A

If Resolutions 7 to 9 are passed, the Company will be able to proceed with the issue of the Incentive Performance Rights to the Related Parties under the Incentive Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Incentive Performance Rights (because approval is being obtained under Listing Rule 10.14), the issue of the Incentive Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolutions 7 to 9 are not passed, the Company will not be able to proceed with the issue of the Incentive Performance Rights to the Related Parties under the Incentive Plan.

5.5 Technical information required by Listing Rule 10.15 and section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of Listing Rule 10.15 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 7 to 9:

- (a) the Incentive Performance Rights will be issued to the following persons:
 - (i) Sonu Cheema (or their nominee) pursuant to Resolution 5;
 - (ii) Thomas Pickett (or their nominee) pursuant to Resolution 6; and
 - (iii) Leo Horn (or their nominee) pursuant to Resolution 7,

each of whom falls within the category set out in Listing Rule 10.14.1 by virtue of being a Director;

- (b) the maximum number of Incentive Performance Rights to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is 5,000,000 comprising:
 - (i) 1,000,000 Performance Rights (comprising 500,000 Class A Performance Rights and 500,000 Class B Performance Rights) to Sonu Cheema (or his nominee) pursuant to Resolution 7;
 - (ii) 1,000,000 Performance Rights (comprising 500,000 Class A Performance Rights and 500,000 Class B Performance Rights) to Thomas Pickett (or his nominee) pursuant to Resolution 8; and
 - (iii) 3,000,000 Performance Rights (comprising 1,500,000 Class A Performance Rights and 1,500,000 Class B Performance Rights) to Leo Horn (or his nominee) pursuant to Resolution 9;
- (c) no Performance Rights have previously been issued under the Incentive Plan:
- (d) a summary of the material terms and conditions of the Incentive Performance Rights is set out in Schedule 1;
- (e) the Incentive Performance Rights are unquoted securities. The Company has chosen to issue Incentive Performance Rights to the Related Parties for the following reasons:
 - (i) the Incentive Performance Rights are unquoted; therefore, the issue of the Incentive Performance Rights has no immediate dilutionary impact on Shareholders;
 - (ii) the milestones attaching to the Incentive Performance Rights will align the interests of the Related Parties with those of Shareholders; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Performance Rights on the terms proposed;

- (f) the number of Incentive Performance Rights to be issued to each of the Related Parties has been determined based upon a consideration of:
 - (i) qualification, technical input and hours spent in regard to management of the Company;
 - (ii) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (iii) the remuneration of the Related Parties; and
 - (iv) incentives to attract and retain the service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Performance Rights upon the terms proposed;

(g) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year (year ended 30 June 2020)
Sonu Cheema	\$122,7912	\$108,192 ¹
Thomas Pickett	\$42,791	\$44,333
Leo Horn	\$48,374	\$40,000

Notes:

- 1. Comprising \$108,192 paid as consulting fees to Mr Cheema, including payments to Cicero Group, for all Financial reporting, company secretarial, directorship fees, corporate office rent and all administration services. Mr Cheema is a director of Cicero Corporate Services Pty Ltd and a 30% shareholder of Cicero Group Pty Ltd.
- 2. Comprising Directors' fees/salary of \$200,000 and (including an increase of \$151,125, being the value of the Incentive Performance Rights and Options). In accordance with the accounting standards, the share based payment expense recognised for the period ending 30 June 2021 is \$13,957. The remaining share based payment expense is recognised over the subsequent financial. periods.
- (h) the value of the Incentive Performance Rights and the pricing methodology is set out in Schedule 2;
- (i) the Incentive Performance Rights will be issued to the Related Parties no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Incentive Performance Rights will be issued on one date;
- (j) the issue price of the Incentive Performance Rights will be nil, as such no funds will be raised from the issue of the Incentive Performance Rights;
- (k) the purpose of the issue of the Incentive Performance Rights is to provide a performance linked incentive component in the remuneration

package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;

- (I) a summary of the material terms and conditions of the Incentive Plan is set out in Schedule 3;
- (m) no loans are being made to the Related Parties in connection with the acquisition of the Incentive Performance Rights;
- (n) details of any Performance Rights issued under the Performance Rights Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (o) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Performance Rights Plan after Resolutions 7 to 9 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14;
- (p) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares ¹	Options	Performance Rights
Sonu Cheema	Nil	Nil	Nil
Thomas Pickett	Nil	Nil	Nil
Leo Horn	Nil	Nil	Nil

The Company is seeking Shareholder approval for the issue of Shares to Messrs Cheema and Horn the subject of Resolutions 3 and 4. Refer to Section 4 for additional information. Further, the Company is seeking Shareholder approval for the issue of Incentive Options to the Related Parties under Resolutions 8 to 10. Refer to Section 6 for further information:

- (q) if the milestones attaching to the Incentive Performance Rights issued to the Related Parties are met and the Incentive Performance Rights are converted, a total of 5,000,000 Shares would be issued. This will increase the number of Shares on issue from 546,078,103 (being the total number of Shares on issue as at the date of this Notice) to 551,078,103 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.90%, comprising 0.18% by Sonu Cheema, 0.18% by Thomas Pickett and 0.54% by Leo Horn;
- (r) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.046	12 April 2021
Lowest	\$0.012	18 June 2021
Last	\$0.035	31 May 2021

- (s) each Director has a material personal interest in the outcome of Resolutions 5 to 7 on the basis that all of the Directors (or their nominees) are to be issued Incentive Performance Rights should Resolutions 5 to 7 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 5 to 7 of this Notice; and
- (t) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 5 to 7.

6. RESOLUTIONS 8 TO 10 – ISSUE OF INCENTIVE OPTIONS TO DIRECTORS

6.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 5,000,000 Options to Directors Sonu Cheema, Thomas Pickett and Leo Horn (or their nominees) (**Related Parties**) pursuant to the Incentive Plan and on the terms and conditions set out below (**Incentive Options**).

The Options will be issued as follows:

- (a) 1,000,000 Options comprising 500,000 Class A Options and 500,000 Class B Options to Sonu Cheema (being the subject of Resolution 8);
- (b) 1,000,000 Options comprising 500,000 Class A Options and 500,000 Class B Options to Thomas Pickett (being the subject of Resolution 9); and
- (c) 3,000,000 Options comprising 1,500,000 Class A Options and 1,500,000 Class B Options to Leo Horn (being the subject of Resolution 10).

6.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 5.2 above.

The issue of the Incentive Options to the Related Parties constitutes giving a financial benefit and each of the Related Parties is a related party of the Company by virtue of being a Director.

As the Incentive Options are proposed to be issued to all of the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Incentive Options. Accordingly, Shareholder approval for the issue of Incentive Options to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

6.3 Listing Rule 10.14

A summary of Listing Rule 10.14 is set out in Section 5.3 above.

The issue of Incentive Options to the Related Parties falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 8 to 10 seek the required Shareholder approval for the issue of the Incentive Options under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14.

6.4 Technical information required by Listing Rule 14.1A

If Resolutions 8 to 10 are passed, the Company will be able to proceed with the issue of the Incentive Options to the Related Parties under the Incentive Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Incentive Options (because approval is being obtained under Listing Rule 10.14), the issue of the Incentive Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 8 to 10 are not passed, the Company will not be able to proceed with the issue of the Incentive Options to the Related Parties under the Incentive Plan.

6.5 Technical information required by Listing Rule 10.15 and section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of Listing Rule 10.15 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 8 to 10:

- (a) the Incentive Options will be issued to the following persons:
 - (i) Sonu Cheema (or their nominee) pursuant to Resolution 8;
 - (ii) Thomas Pickett (or their nominee) pursuant to Resolution 9; and
 - (iii) Leo Horn (or their nominee) pursuant to Resolution 10,

each of whom falls within the category set out in Listing Rule 10.14.1 by virtue of being a Director;

- (b) the maximum number of Incentive Options to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is 5,000,000 comprising:
 - (i) 1,000,000 Incentive Options (comprising 500,000 Class A Options and 500,000 Class B Options) to Sonu Cheema (or his nominee) pursuant to Resolution 8;
 - (ii) 1,000,000 Incentive Options (comprising 500,000 Class A Options and 500,000 Class B Options) to Thomas Pickett (or his nominee) pursuant to Resolution 9; and
 - (iii) 3,000,000 Incentive Options (comprising 1,500,000 Class A Options and 1,500,000 Class B Options) to Leo Horn (or his nominee) pursuant to Resolution 10;
- (c) no Options have previously been issued to Messrs Cheema, Pickett or Horn under the Incentive Plan;

- (d) a summary of the material terms and conditions of the Incentive Options is set out in Schedule 4:
- (e) the Incentive Options are unquoted Options. The Company has chosen to issue Incentive Options to the Related Parties for the following reasons:
 - (i) the Incentive Options are unquoted; therefore, the issue of the Incentive Options has no immediate dilutionary impact on Shareholders;
 - (ii) the deferred taxation benefit which is available to the Related Parties in respect of an issue of Options is also beneficial to the Company as it means the Related Parties are not required to immediately sell the Incentive Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Options on the terms proposed;
- (f) the number of Incentive Options to be issued to each of the Related Parties has been determined based upon a consideration of:
 - (i) qualification, technical input and hours spent in regard to management of the Company;
 - (ii) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (iii) the remuneration of the Related Parties; and
 - (iv) incentives to attract and retain the service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Options upon the terms proposed;

(g) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year (year ended 30 June 2020)
Sonu Cheema	\$122,7912	\$108,1921
Thomas Pickett	\$42,791	\$44,333
Leo Horn	\$48,374	\$40,000

Notes:

1. Comprising \$108,192 paid as consulting fees to Mr Cheema, including payments to Cicero Group, for all Financial reporting, company secretarial, directorship fees, corporate office rent and all administration services. Mr Cheema is a

- director of Cicero Corporate Services Pty Ltd and a 30% shareholder of Cicero Group Pty Ltd.
- 2. Comprising Directors' fees/salary of \$200,000 and (including an increase of \$151,125, being the value of the Incentive Performance Rights and Options). In accordance with the accounting standards, the share based payment expense recognised for the period ending 30 June 2021 is \$13,957. The remaining share based payment expense is recognised over the subsequent financial. periods.
- (h) the value of the Incentive Options and the pricing methodology is set out in Schedule 5:
- (i) the Incentive Options will be issued to the Related Parties no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Incentive Options will be issued on one date;
- (j) the issue price of the Incentive Options will be nil, as such no funds will be raised from the issue of the Incentive Options (other than in respect of funds received on exercise of the Incentive Options);
- (k) the purpose of the issue of the Incentive Options is to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way from the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties;
- (I) a summary of the material terms and conditions of the Incentive Plan is set out in Schedule 3;
- (m) no loans are being made to the Related Parties in connection with the acquisition of the Incentive Options;
- (n) details of any Options issued under the Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (o) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Options under the Incentive Plan and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14;
- (p) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares ¹	Options	Performance Rights
Sonu Cheema	Nil	Nil	Nil
Thomas Pickett	Nil	Nil	Nil
Leo Horn	Nil	Nil	Nil

The Company is seeking Shareholder approval for the issue of Shares to Messrs Cheema and Horn the subject of Resolutions 3 and 4. Refer to Section 4 for additional information. Further, the Company is seeking Shareholder approval for the issue of Incentive Performance Rights to the

Related Parties under Resolutions 5 to 6. Refer to Section 6 for further information:

- (q) if the Incentive Options issued to the Related Parties are exercised, a total of 5,000,000 Shares would be issued. This will increase the number of Shares on issue from 546,078,103 (being the total number of Shares on issue as at the date of this Notice) to 551,078,103 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.90%, comprising 0.18% by Sonu Cheema, 0.18% by Thomas Pickett and 0.54% by Leo Horn;
- (r) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.046	12 April 2021
Lowest	\$0.012	18 June 2021
Last	\$0.036	17 May 2021

- (s) each Director has a material personal interest in the outcome of Resolutions 8 to 10 on the basis that all of the Directors (or their nominees) are to be issued Incentive Options should Resolutions 8 to 10 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 8 to 10 of this Notice; and
- (t) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 8 to 10.

GLOSSARY

\$ means Australian dollars.

Acquisition has the meaning given in Section 1.1 of the Explanatory Statement.

Agreement has the meaning given in Section 1.1 of the Explanatory Statement.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Silver City Minerals Limited (ACN 130 933 309).

Consideration Shares means 300,000,000 fully paid ordinary shares in the capital of the Company proposed to be issued by the Company to Gardner Mining in consideration for the Acquisition outlined in Section 1.1 of the Explanatory Statement.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Gardner Mining means Gardner Mining Pty Ltd (ACN 130 634 785).

General Meeting or **Meeting** means the meeting convened by the Notice.

GTPL means Gardner Tenements Pty Ltd (ACN 647 292 635).

Incentive Plan means the Company's Performance Rights and Option Plan as adopted by Shareholders on 26 November 2021 (a summary of the key terms of which are set out in Schedule 3).

Incentive Option has the meaning given in Section 6.1 of the Explanatory Statement.

Incentive Performance Right has the meaning given in Section 5.1 of the Explanatory Statement.

Independent Expert Report means the Independent Experts Report prepared by HLB Mann Judd Corporate (WA) Pty Ltd (ABN 69 008 878 555) (AFSL 250903) which is attached to this Notice as Annexure A.

Issues means the proposed issue of Consideration Shares to Gardner Mining and up to 39,385,066 Shares to Gardner Mining under the Placement as outlined in Section 1.4 of the Explanatory Statement.

Joint Venture has the meaning given in Section 1.1 of the Explanatory Statement.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice** of **Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Option holder means a holder of an Option.

Placement has the meaning given in Section 2 of the Explanatory Statement.

Prohibition is defined in Section 1.5 of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

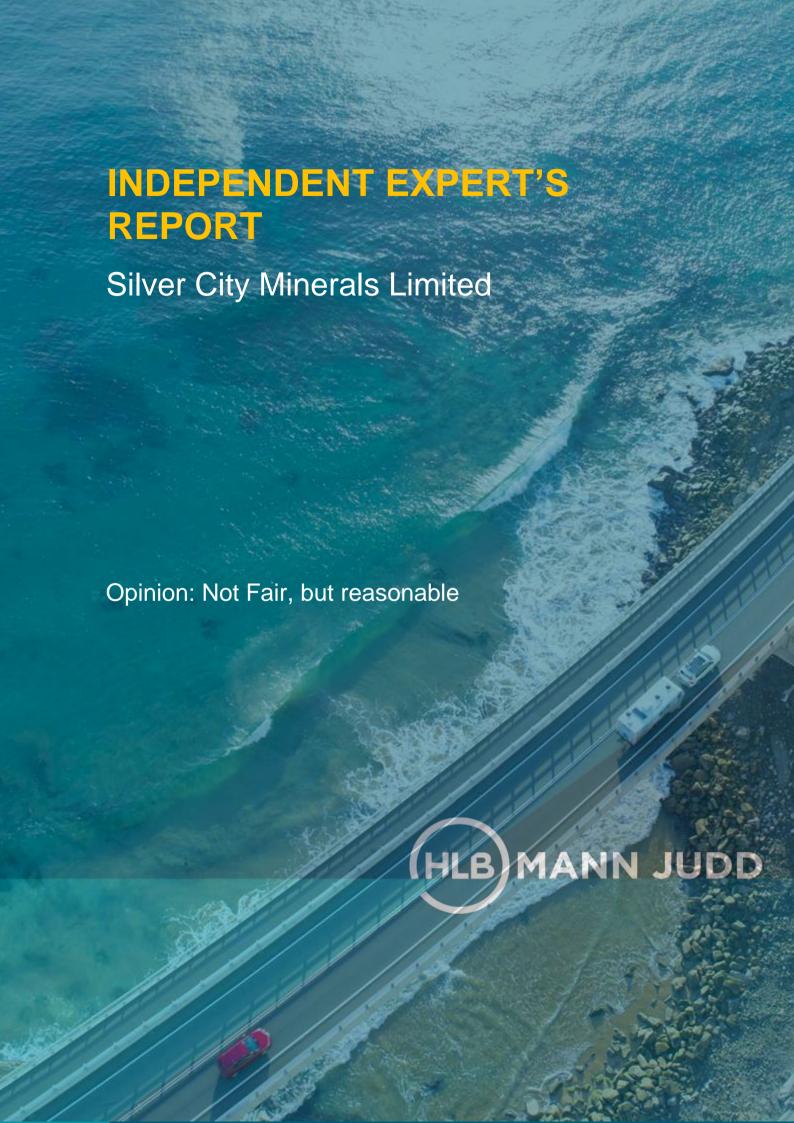
T1 Placement has the meaning given in Section 2 of the Explanatory Statement.

T2 Placement has the meaning given in Section 2 of the Explanatory Statement.

Tenements has the meaning given in Section 1.2 of the Explanatory Statement.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A - INDEPENDENT EXPERT'S REPORT





2104 SCI015 REP NGN

17 May 2021

The Directors
Silver City Minerals Limited
Suite 9
330 Churchill Avenue
SUBIACO WA 6008

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. INTRODUCTION

Silver City Minerals Limited ("SCI" or "the Company") was registered on 5 May 2008 and listed on the ASX on 6 July 2011 under the code SCI.

The Company is a base and precious metals explorer focused on the well-endowed mining districts of Broken Hill and Cobar in the western part of New South Wales, Australia.

On 7 April 2021, the Company announced that it had entered into a binding share sale and joint venture agreement with Gardner Mining Pty Ltd ("the Vendor" or "Gardner Mining") to acquire an 80% interest in the Austin Gold Project located in the highly prospective Murchison greenstone province of Western Australia through the acquisition of 80% of the issued capital of Gardner Tenements Pty Ltd ("GT") (ACN 647 292 635). GT is wholly owned by the Vendor.

This transaction above is referred to in this Report as "the Acquisition" or "the Proposed Transaction".

Under the Proposed Transaction, and subject to Shareholders approving the resolutions contemplated in the Notice of General Meeting ("NOM") referred to in Section 2 below, the Company will acquire 80% of the issued share capital of GT by issuing 300,000,000 fully paid ordinary shares in the capital of SCI ("Consideration Shares") to the Vendor at completion (Resolution 1).

The Proposed Transaction is subject to conditions precedent which are summarised in Section 1.1 of this Report, including the completion of a capital raising at an issue price of not less than \$0.015 per share to raise up to \$1,000,000 ("Placement"), which has been partially completed at the date of this report.

The details of the Proposed Transaction are included in SCI's 7 April 2021 announcement to ASX.

An overview of the Proposed Transaction is also provided in Section 1 of this Report.

A general meeting of shareholders of SCI is proposed to be held on 5 July 2021 to consider the Proposed Transaction, as well as other non inter-conditional resolutions.

In addition to the issue of the Consideration Shares, Resolution 1 also seeks Shareholder approval for the issue of up to 39,385,066 shares to Gardner Mining under the Placement.

hlb.com.au

HLB Mann Judd Corporate (WA) Pty Ltd ABN 69 008 878 555 / AFSL 250903

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849 T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

2. PURPOSE OF THE REPORT

The Directors have requested that HLB Mann Judd Corporate (WA) Pty Ltd ("HLB") provide an independent expert's report ("Report") advising whether, in our opinion, the Proposed Transaction is fair and reasonable to the non-associated shareholders of SCI.

Our Report has been prepared to assist those shareholders in their decision whether to accept or reject the Proposed Transaction. We have prepared this Report having regard to the relevant Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 "Content of expert's reports" ("RG 111") and Regulatory Guide 112 "Independence of experts" ("RG 112").

This Report is to be included in a NOM to be sent to shareholders of SCI and has been prepared exclusively for the purpose of assisting non-associated shareholders in their consideration of the Proposed Transaction. The Report should not be used for any other purpose.

3. SUMMARY AND OPINION

In order to assess whether the Proposed Transaction is fair and reasonable we have:

- assessed whether the Proposed Transaction is fair by estimating the fair market value of an ordinary SCI share on a control basis prior to the Proposed Transaction and comparing this value to the estimated fair market value of an ordinary SCI share on a minority basis following the Proposed Transaction; and
- assessed the reasonableness of the Proposed Transaction by considering other advantages and disadvantages of the Proposed Transaction to non-associated shareholders.

3.1. Fairness

The pre and post-Proposed Transaction values of SCI are set out below:

		- Va Low	luation Rang High	ge Preferred
		Cents	Cents	Cents
Value of an SCI share pre- Proposed Transaction on a control basis	Section 6.3	1.37	2.42	1.90
Value of an SCI share post- Proposed Transaction on a minority interest basis	Section 7.2	0.91	1.94	1.40

We note from the table above that the value of an SCI share prior to the Proposed Transaction on a control basis is greater than the value of an SCI share on a minority interest basis following the Proposed Transaction. Therefore, on this basis the Proposed Transaction would be considered to be not fair to the non-associated shareholders of SCI.

Conclusion as to fairness

As a result, it is our opinion that the Proposed Transaction is not fair to the non-associated shareholders.



3.2. Reasonableness

We have identified the following factors in relation to the reasonableness of the Proposed Transaction.

3.2.1. Advantages of accepting the Proposed Transaction

- The GT exploration projects provide SCI with a new direction and a diversification of its asset portfolio, together with the potential upside that exploration and potential development of these projects may bring;
- the license package held by GT is located in a strategic position where the key host rock stratigraphy to the various gold deposits held by Musgrave have been repeated due to a large regional fold;
- the Austin Gold Project compliments the current asset portfolio of the Company particularly given the recent extensive work programs and acquisitions on gold projects within Western Australia and New South Wales:
- The potential increase in market capitalisation (as demonstrated by trading post announcement) of the Company following the Proposed Transaction and the associated Capital Raising may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity which are not currently present;
- The consideration for the Proposed Transaction is primarily shares, thereby allowing more funds raised from the Placement to be used directly on activities relating to the GT exploration projects; and
- The Board of SCI has not received any alternative proposal to the Proposed Transaction.

3.2.2. Disadvantages of accepting the Proposed Transaction

- The GT exploration assets have been subject to limited exploration. Exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company and there is no assurance that exploration on GT tenements will result in the discovery of an economic resource. Even if an apparently viable project is identified, there is no guarantee that it can be economically exploited;
- Future outlays of funds from the Company may be required for the operations of GT, and
- The Proposed Transaction will result in the issue of shares to the current owner of GT, Gardner Mining, which will give Gardner Mining voting power of 37.87%, reducing the voting power of non-associated Shareholders in aggregate from 100% to 62.13%. SCI shareholders are not receiving a premium for this loss of control.

Conclusion on reasonableness

We have considered the above factors. We consider that, on balance, the advantages of the Proposed Transaction outweigh the disadvantages. We are therefore of the view that the position of non-associated shareholders if the Proposed Transaction is accepted, would be more advantageous than if the Proposed Transaction is not accepted.

Accordingly, we are of the opinion that the Proposed Transaction is reasonable to the non-associated shareholders of SCI.



3.2.3. Opinion

We are of the opinion that the Proposed Transaction is not fair, but reasonable to the non-associated shareholders of SCI.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

HLB MANN JUDD CORPORATE (WA) PTY LTD Licensed Investment Advisor (AFSL Licence number 250903)

N G NEILL

Authorised Representative



SILVER CITY MINERALS LIMITED

INDEPENDENT EXPERT'S REPORT

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SILVER CITY MINERALS LIMITED

INDEPENDENT EXPERT'S REPORT

1. DETAILS OF THE PROPOSED TRANSACTION

1.1. Summary

On 7 April 2021, the Company announced that it had entered into a binding share sale and joint venture agreement with Gardner Mining Pty Ltd ("the Vendor" or "Gardner Mining") to acquire an 80% interest in the Austin Gold Project including M21/154, E21/201, P21/716, E58/543 and E58/510 (together, the "Tenements") located in the highly prospective Murchison greenstone province of Western Australia through the acquisition of 80% of the issued capital of Gardner Tenements Pty Ltd ("GT") (ACN 647 292 635).

SCI and the Vendor will form an incorporated joint venture for the purpose of exploration and development on the Tenements ("Joint Venture"). SCI will free carry the Vendor's interest in the Joint Venture until such time as the Company decides to proceed with a decision to mine or the Agreement is terminated.

The transaction above is referred to in this Report as "the Acquisition" or "the Proposed Transaction".

Under the Proposed Transaction, and subject to Shareholders approving the resolutions contemplated in the NOM referred to in Section 2 below, the Company will acquire 80% of the issued share capital of GT by issuing 300,000,000 fully paid ordinary shares in the capital of SCI ("Consideration Shares") to the Vendor at completion (Resolution 1).

Settlement of the Proposed Transaction is conditional upon the satisfaction or waiver of the following conditions precedent on or before the date that is six (6) months after the date of execution, including:

- (i) the Vendor transferring ownership of the Tenements to GT so that GT is the legal and beneficial owner of 100% interest in the Tenements;
- (ii) completion of financial, legal and technical due diligence by SCI on GT and the Tenements and by the Vendor on SCI;
- (iii) the parties obtaining all third party approvals and consents necessary to lawfully complete the matters set out in the Agreement;
- (iv) the parties obtaining all necessary shareholder approvals pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) or any other law to allow the parties to lawfully complete, including (without limitation) SCI obtaining shareholder approval pursuant to item 7 of Section 611 of the Corporations Act for the allotment and issue of the Consideration Shares to the Vendor;
- there being no event occurring prior to the date of Settlement which materially and adversely affects the parties or the Tenements;
- (vi) the Company completing a capital raising of not less than \$1,000,000 at an issue price of not less than \$0.015 per SCI Share;
- (vii) the Vendor submitting a mine closure plan in respect of M21/154 to the Department of Mines, Industry Regulation and Safety for approval and obtaining the approval on terms satisfactory to the Company; and
- (viii) entry into a shareholders' agreement on customary terms.



Additionally, the Vendor has the right to appoint a director who is to remain on the Board of GT to represent its 20% interest in the Joint Venture. A director appointed by the Vendor may only be removed or replaced by GT, subject to the provisions of the Corporations Act.

2. SCOPE OF THE REPORT

2.1. Purpose of the Report

Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in the issued voting shares of a listed company if the acquisition would result in that person's (or another person's) voting power in the company increasing:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%.

Item 7 of section 611 of the Corporations Act

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition in section 606 where the acquisition of the relevant interest has been approved by shareholders in a general meeting, provided that:

- no votes are cast in favour of the resolution by the person proposing to make the acquisition or their associates; and
- shareholders are given all information known to the acquirer or the company that was material to the decision on how to vote.

The acquisition of Shares by the Vendors as a result of being issued shares at completion of the Proposed Transaction will result in the Vendors acquiring a relevant interest in the Company's shares which will increase its voting power in the Company from 20% or below to more than 20%.

The Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act for the purposes of section 606 of the Corporations Act because, at the time of issuing the shares, the Vendors and their associates will hold voting power in the Company of up to 37.87% (assuming that the minimum \$1,000,000 is raised under the Capital Raising).

The NOM for the meeting to be called to consider the Proposed Transaction must include a report on the transaction from an independent expert. The directors of SCI have requested that HLB Mann Judd Corporate (WA) Pty Ltd ("HLB") provide an independent expert's report ("Report") advising whether, in our opinion, the Proposed Transaction is fair and reasonable to the non-associated shareholders of SCI.

2.2. Regulatory Guidance

Neither the ASX Listing Rules ("Listing Rules") nor the Corporations Act 2001 ("Act") defines the meaning of "fair and reasonable". In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. RG 111 provides guidance as to what matters an independent expert should consider to assist security holders in making informed decisions about transactions.

RG 111 suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to the non-associated shareholders.



2.3. Basis of Evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities the subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities the subject of the offer in a control transaction, the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being "not fair", the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, HLB has completed this comparison in two parts:

- assessed whether the Proposed Transaction is fair by estimating the fair market value of an ordinary SCI share on a control basis prior to the Proposed Transaction and comparing this value to the estimated fair market value of an ordinary SCI share on a minority basis following the Proposed Transaction (see Section 8.1); and
- assessed the reasonableness of the Proposed Transaction by investigating other significant
 factors to which shareholders might give consideration, prior to approving the Proposed
 Transaction, after reference to the value derived above. This will include assessing the
 advantages and disadvantages of the Proposed Transaction to shareholders (see Section 8.2).

This Report has been prepared in accordance with the requirements of the professional standard APES 225 *Valuation Services* ("APES 225") as issued by the Accounting Professional & Ethical Standards Board.

In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

"an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."

2.3.1 Individual circumstances

We have evaluated the Proposed Transaction for shareholders as a whole. We have not considered the effect of the Proposed Transaction on the circumstances of individual shareholders. Due to their circumstances, individual shareholders may place a different emphasis on various aspects of the Proposed Transaction from the ones adopted in this Report. Accordingly, individual shareholders may reach different conclusions to ours on whether the Proposed Transaction is fair and reasonable. If in doubt, shareholders should consult an independent adviser.

2.4. Limitations and Reliance on Information

HLB's opinion is based on economic, share market, business trading and other conditions and expectations prevailing at the date of this Report. These conditions can change significantly over relatively short periods of time. If these conditions did change materially the valuations and opinions could be different in these changed circumstances.

This Report is also based upon financial information and other information provided by SCI. HLB has considered and relied upon this information. HLB has no reason to believe that any material facts have been withheld. The information provided to HLB has been evaluated through analysis, enquiry, and review for the purposes of forming an opinion as to whether the Proposed Transaction is fair and reasonable to the non-associated shareholders. However, in preparing reports such as this, time is limited and HLB does not warrant that its enquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. In any



event, an opinion as to fairness and reasonableness is more in the nature of an overall review rather than a detailed audit or investigation.

An important part of the information used in forming an opinion of the kind expressed in this Report is comprised of the opinions and judgment of management. This type of information was also evaluated through analysis, enquiry, and review to the extent practical. However, such information is often not capable of external verification or valuation.

Preparation of this Report does not imply that HLB has audited in any way the management accounts or other records of SCI for the purposes of this Report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years except as otherwise noted.

The information provided to HLB included historical financial information for SCI and its key business. SCI is responsible for this information. HLB has used and relied on this information for the purpose of analysis. HLB has assumed that this information was prepared appropriately and accurately based on the information available to management at the time and within the practical constraints and limitations of such information. HLB has assumed that this information does not reflect any material bias, either positive or negative. HLB has no reason to believe otherwise.

3. ECONOMIC ANALYSIS

In order to provide an analysis of the general economic environment that the Company is operating in, the following is a brief report on the latest Government economic statement.

At its meeting on 4 May 2021, the Reserve Bank of Australia Board ("Board") decided to maintain the current policy settings, including the targets of 10 basis points for the cash rate and the yield on the 3-year Australian Government bond, as well as the parameters of the Term Funding Facility and the government bond purchase program.

In support of this decision, the Board provided the following commentary:

"The global economy is continuing to recover from the pandemic and the outlook is for strong growth this year and next. The recovery remains uneven, though, and some countries are yet to contain the virus. Global trade in goods has picked up strongly and commodity prices are mostly higher than at the start of the year. However, inflation remains low and below central bank targets.

Sovereign bond yields have been steady recently after increasing earlier in the year due to the positive news on vaccines and the additional fiscal stimulus in the United States. Inflation expectations have lifted from near record lows to be closer to central banks' targets. The 3-year government bond yield in Australia is at the Board's target of 10 basis points and lending rates for most borrowers are at record lows. The Australian dollar remains in the upper end of the range of recent years.

The economic recovery in Australia has been stronger than expected and is forecast to continue. This recovery is especially evident in the strong growth in employment, with the unemployment rate falling further to 5.6% in March and the number of people with a job now exceeding the prepandemic level.

The Bank's central scenario for GDP growth has been revised up further, with growth of 4.75% expected over 2021 and 3.5% over 2022. A pick-up in business investment is expected and household spending will be supported by the strengthening in balance sheets over the past year. The unemployment rate is expected to continue to decline, to be around 5% at the end of this year and around 4.5% at the end of 2022.

Despite the strong recovery in economic activity, the recent CPI data confirmed that inflation pressures remain subdued in most parts of the Australian economy. A pick-up in inflation and wages growth is expected, but it is likely to be only gradual and modest. In the central scenario, inflation in underlying terms is expected to be 1.5% in 2021 and 2% in mid 2023. In the short term,



CPI inflation is expected to rise temporarily to be above 3% in the June quarter because of the reversal of some COVID-19-related price reductions.

Housing markets have strengthened further, with prices rising in all major markets. Housing credit growth has picked up, with strong demand from owner-occupiers, especially first-home buyers. Given the environment of rising housing prices and low interest rates, the Bank will be monitoring trends in housing borrowing carefully and it is important that lending standards are maintained.

At its July meeting, the Board will consider whether to retain the April 2024 bond as the target bond for the 3-year yield target or to shift to the next maturity, the November 2024 bond. The Board is not considering a change to the target of 10 basis points. At the July meeting, the Board will also consider future bond purchases following the completion of the second \$100 billion of purchases under the government bond purchase program in September. The Board is prepared to undertake further bond purchases to assist with progress towards the goals of full employment and inflation. The Board places a high priority on a return to full employment.

The date for final drawings under the Term Funding Facility is 30 June 2021. Given that financial markets in Australia are operating well, the Board is not considering a further extension of this facility. Authorised deposit-taking institutions have drawn \$100 billion so far and a further \$100 billion is currently available. Given the facility provides funding for 3 years, it will continue to support low funding costs in Australia until mid-2024.

The Board is committed to maintaining highly supportive monetary conditions to support a return to full employment in Australia and inflation consistent with the target. It will not increase the cash rate until actual inflation is sustainably within the 2% to 3% target range. For this to occur, the labour market will need to be tight enough to generate wages growth that is materially higher than it is currently. This is unlikely to be until 2024 at the earliest."

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 4 May 2021

4. PROFILE OF SCI

4.1. Company Background

Silver City Minerals Limited (SCI) listed on the ASX on 6 July 2011 and is a base and precious metals explorer focused on the well-endowed mining districts of Broken Hill and Cobar in the western part of New South Wales, Australia.

It takes its name from the famous Silver City of Broken Hill, home of one of the world's largest accumulations of silver, lead and zinc; the Broken Hill Deposit.

Originally established to target "Broken Hill Style" mineralisation, the Company has recently discovered a new style of Iron Oxide-CopperGold (IOCG) mineralisation in the region at the Copper Blow Project, 20 km south of Broken Hill, that could mirror the IOCG domain in the Gawler Craton that contains major discoveries including Olympic Dam and Prominent Hill.

4.2. Legal Structure

The Company is a company limited by shares and is incorporated and domiciled in Australia.

4.3. Directors

Details of SCI's directors, along with a description of their experience and credentials are as follows:

Mr Tom Pickett
Non-executive Director

Mr Tom Pickett has experience in a range of sectors including mining and exploration, law, tourism, and hotels, having held executive appointments in these areas for both ASX listed and private companies. Mr Pickett is currently the Executive Chairman of Cannindah Resources and has held numerous board positions on other ASX listed companies over the past 15 years. His experience in the management of exploration activity across a



number of projects in North Queensland for both gold and copper is a valuable asset to Cannindah Resources Limited. Mr Pickett holds a Law Degree from Bond University, along with a Graduate Certificate in Applied Finance and Investment.

Mr Leo Horn Non-executive Director Mr Leo Horn is a technical geologist with over 20 years' experience in the exploration and mining industry for precious, base, and rare earth metals, diamonds and uranium across Australia, Asia, North and South America and Africa.

During that time Mr Horn has contributed to several significant discoveries including leading the team that delineated several large, high grade uranium resources in the prolific Athabasca Basin of Canada. In addition to key exploration management roles, Mr Horn has extensive experience in executive officer positions in which he has developed valuable corporate finance, marketing and capital raising experience. Mr Horn holds a Bachelor of Science with Majors in Geology & Geomorphology and Honours in Geology from the University of Western Australia and is a member of the Australian Institute of Geoscientists.

Mr Sonu Cheema
Non-executive Director
and Company Secretary

Mr Sonu Cheema has over 10 years' experience working with public and private companies in Australia and abroad. He currently serves as the Company Secretary of eMetals Limited (ASX: EMT), Yojee Limited (ASX: YOJ), Avira Resources Limited (ASX: AVW), Comet Resources Limited (ASX: CRL) and Technology Metals Australia Limited (ASX: TMT). He has completed a Bachelor of Commerce majoring in Accounting and is a CPA member.

4.4. Capital Structure and Shareholders

At the date of this Report, SCI had the following shares on issue:

Class of security	Number
Ordinary Shares ¹	<u>553,578,103</u>

Notes:

SCI has one class of voting shares on issue, being ordinary shares. These ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

The ordinary shares held by the most significant shareholders in SCI as at the date of this Report are as follows:

Shareholder	Number of Ordinary Shares	% of total shares on issue
UPSKY EQUITY PTY LTD <upsky a="" c="" investment=""> MR JOHN ANTHONY GAFFNEY RUBI HOLDINGS PTY LTD <john a="" c="" fund="" rubino="" super=""> SKYWALKER HOLDINGS WA PTY LTD WINDELL HOLDINGS PTY LTD <thompson a="" c="" fund="" super=""> CITICORP NOMINEES PTY LIMITED LOKTOR HOLDINGS PTY LTD <taybird a="" c=""> RECO HOLDINGS PTY LTD <reco a="" c="" fund="" super=""> GEORDIE BAY HOLDINGS PTY LTD</reco></taybird></thompson></john></upsky>	31,500,000 31,000,000 29,000,000 24,448,267 20,000,000 14,710,919 10,866,667 9,083,334 8,000,000	5.69% 5.60% 5.24% 4.42% 3.61% 2.66% 1.96% 1.64%
SYNDICATE MINERALS PTY LTD	7,500,000	1.35%



MR BILAL AHMAD	7,333,334	1.32%
THREE ZEBRAS PTY LTD <the a="" c="" family="" judd=""></the>	6,333,334	1.14%
THREEBEE INVESTMENT GROUP PTY LTD	6,166,667	1.11%
MR MICHAEL OWEN SHERRY	6,000,000	1.08%
L&M GROUP LIMITED	6,000,000	1.08%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,893,381	1.06%
MR BARRY PHILLIP ALCOCK & MRS JULIE PATRICIA ALCOCK		
<bp &="" a="" alcock="" c="" jp=""></bp>	5,700,000	1.03%
MRS ELIZABETH RACHEL WILCOX	5,486,000	0.99%
SYNDICATE MINERALS PTY LTD	4,688,130	0.85%
BNP PARIBAS NOMS PTY LTD <drp></drp>	4,671,515	0.84%
Top 20	244,381,548	44.15%
Others	309,196,555	55.85%
Total ordinary shares on issue	553,578,103	100.0%

Additionally, there are 84,038,750 options currently on issue. The expiry dates and exercise prices are summarised below:

Shareholder	Number of Options	Exercise price
Unlisted Options exercisable on or before 31 October 2022	53,288,750	\$0.02
Unlisted Options exercisable on or before 27 February 2022	26,750,000	\$0.03
Unlisted Options exercisable on or before 5 June 2022	4,000,000	\$0.06
	84,038,750	_

4.5. Recent Capital Raisings

As announced to the market on 15 April 2021, SCI completed Tranche 1 of the proposed Placement at \$0.015.

4.6. Share Price Performance

SCI's share price movements in the 12 months up to 7 April 2021, together with volumes traded are presented in the graph below:





The SCI closing share price has fluctuated from a price of \$0.006 at the beginning of the above period, to a high of \$0.028 on 15 February 2021 and to a closing price of \$0.018 at the valuation date and \$0.036 at the date of this Report. The Share price of SCI has risen steadily over the period with no significant announcements correlating with share price changes. We note there has been a significant increase in the share price post announcement of the Proposed Transaction.

4.7. Financial Performance

The audited financial results of SCI for the years ended 30 June 2020 and 30 June 2019, together with the reviewed financial result for the half year ended 31 December 2020 are set out below:

	Reviewed Six months to 31 December 2020 \$	Audited Year to 30 June 2020 \$	Audited Year to 30 June 2019 \$
Revenue from continuing operations	56,658	28,083	252,141
ASX and ASIC fees	(21,645)	(32,513)	(35,357)
Audit Fees	(11,250)	(34,500)	(28,200)
Computer services/licences	-	-	(17,196)
Contact administration services	(80,368)	(176,575)	(129,531)
Employee costs (net of costs recharged			
to exploration projects)	(29,999)	(128,355)	(259,451)
Exploration expenditure expensed	(535,357)	(82,490)	(1,107,222)
Insurances	(13,100)	(23,184)	(19,182)
Marketing and conference cost	-	(727)	(40,568)
Rent	(2,346)	(25,525)	(56,032)
Share based payments	-	-	(5,200)
Travel and accommodation	-	-	(15,211)
Other expenses	(20,380)	(78,535)	(70,854)
Loss before tax	(657,787)	(554,321)	(1,531,863)
Income tax expense		-	-
Loss after income tax from continuing operations	(657,787)	(554,321)	(1,531,863)
Total comprehensive loss for the period	(657,787)	(554,321)	(1,531,863)

4.8. Financial Position

The statements of financial position of SCI as at 31 December 2020 (reviewed), 30 June 2020 (audited) and 30 June 2019 (audited) are set out below:

	Reviewed	Audited	Audited
	31 December	30 June 2020	30 June 2019
	2020	\$	\$
	\$		
Current Assets			
Cash and cash equivalents	1,733,281	650,725	446,586
Receivables	58,925	33,056	35,189
Total Current Assets	1,792,206	683,781	481,775
Non Current Assets			
Receivables	780	1,270	6,801
Tenement security deposits	175,500	160,000	160,000
Property, plant and equipment	3,166	3,166	5,288
Deferred exploration and evaluation expenditure	5,629,847	5,772,324	5,776,029
Total Non-Current Assets	5,809,293	5,936,760	5,948,118
Total Assets	7,601,499	6,620,541	6,429,893
Current Liabilities			
Payables	64,647	72,374	42,005
Total Current Liabilities	64,647	72,374	42,005
Total Liabilities	64,647	72,374	42,005



	Reviewed 31 December 2020 \$	Audited 30 June 2020 \$	Audited 30 June 2019 \$
Net Assets	7,536,852	6,548,167	6,387,888
Equity			
Issued capital	20,884,678	19,311,702	18,597,102
Accumulated losses	(13,420,884)	(12,763,097)	(12,287,026)
Reserves	73,058	(438)	77,812
Total Equity	7,536,852	6,548,167	6,387,888

5. PROFILE OF GT

5.1 Overview

Registered in January 2021, Gardner Tenements Pty Ltd ("GT") is a wholly owned subsidiary of Gardner Mining Pty Ltd. Gardner Mining is the legal and beneficial owner of the tenements that comprise the Austin Gold project ("Austin Gold Project") as set out in the table below (together, the "Tenements"), located approximately 45km north of Mt Magnet, Western Australia. As a condition of the Agreement, Gardner Mining must transfer ownership of the Tenements to GT. Accordingly, at completion of the Acquisition, GT will be the legal and beneficial owner of 100% interest in the Tenements.

Tenement	Project	Area	Holder	Grant Date	Expiry Date
M 21/154	Austin	487.85 Ha	Gardner Mining Pty Ltd	20/01/2010	19/01/2031
E21/201	Austin	31 BL	Gardner Mining Pty Ltd	13/08/2019	12/08/2024
P 21/716	Austin	8 Ha	Gardner Mining Pty Ltd	8/04/2014	7/04/2022
E 58/543	Austin	3 BL	Gardner Mining Pty Ltd	13/08/2019	10/06/2024
E58/510	Austin	26 BL	Gardner Mining Pty Ltd	31/05/2018	30/05/2023

The Austin Gold Project is regarded by the Company to be extremely underexplored and highly prospective for the discovery of significant gold deposits. The Board believes that the license package is located in a strategic position where the key host rock stratigraphy to the various gold deposits held by Musgrave have been repeated due to a large regional fold.

The Tenements cover prospective greenstone stratigraphy of the Mt Magnet and Tuckabianna Greenstone Belts and are located adjacent to Musgrave Minerals Ltd ("Musgrave") developing 613Koz Cue Project and recent Starlight discovery. The license package contains a number of small-scale gold mine workings where several styles of gold mineralisation have been confirmed by previous exploration including vein-hosted high-grade coarse gold, banded iron formation (BIF)-hosted gold as well as alluvial and eluvial gold at surface. Limited shallow drilling has been historically undertaken however several significant drilling intersections have never been followed up. A number of other targets have also been delineated by surface trench sampling.

5.2 Financial Performance and position

Given GT was recently incorporated (January 2021) and has not traded since that time, no financial information is available.



6. VALUATION OF SCI PRIOR TO THE PROPOSED TRANSACTION

6.1. Valuation Summary

HLB has estimated the fair market value of an SCI share to be 1.90 cents, as set out in Section 6.3.

For the purpose of our opinion, fair market value is defined as the amount at which the shares would change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. We have not considered special value in this assessment.

In determining this amount, we estimated the fair market value of SCI after considering the various methods, which are discussed in further detail at Section 6.2.

6.2. Valuation Methodology

Methodologies commonly used for valuing assets and businesses are as follows:

6.2.1 Capitalisation of future maintainable earnings ("FME")

This method places a value on a business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

6.2.2 Discounted future cash flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

6.2.3 Net asset value

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- · Orderly realisation of assets method
- Liquidation of assets method
- · Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.



The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis is usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when entities are not profitable, a significant proportion of the entity's assets are liquid or for asset holding companies.

6.2.4 Quoted Market Price Basis

Another alternative valuation approach that can be used in conjunction with (or as a replacement for) any of the above methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

6.2.5 Methodology Adopted

We consider that the most appropriate method for the valuation of SCI is the net assets on a going concern methodology. No other methods are considered by us to be relevant for the purposes of our Report. The basis of our selection of this methodology is as follows:

- SCI does not have any trading assets and does not generate a profit. As such, the most appropriate basis of valuation is the net assets on a going concern basis.
- SCI's shares are not considered to display regular high-volume trading, creating a "deep" market, therefore the quoted market price basis is not applicable.
- In our opinion, the DCF methodology cannot be used as future revenue and expenses cannot be forecast with sufficient reliability to meet the requirements of RG 111.
- The FME methodology is not appropriate as SCI does not have a history of profits.

6.3 Sum of Parts Valuation

We have assessed the value of SCI on the basis of the fair market value of the Company's underlying net assets on a going concern basis. SCI's reviewed net assets as at 31 December 2020 are summarised below, together with our range of fair market values.

	Reviewed 31 December		Valuation Range		
	Report Reference	2020 \$	Low \$	High \$	Preferred \$
Current Assets					
Cash and cash equivalents	6.3.1	1,733,281	4,505,781	4,505,781	4,505,781
Receivables		58,925	58,925	58,925	58,925
Total Current Assets		1,792,206	4,564,706	4,564,706	4,564,706



		Reviewed 31 December		Valuation Rang	je
F	Report Reference	2020	Low \$	High \$	Preferred \$
Non-Current Assets					
Receivables		780	780	780	780
Tenement security deposits		175,500	175,500	175,500	175,500
Property, plant and equipment Deferred exploration and		3,166	3,166	3,166	3,166
evaluation expenditure	6.3.2	5,629,847	4,220,000	11,048,000	7,678,000
Total Non-Current Assets		5,809,293	4,399,446	11,227,446	7,857,446
Total Assets		7,601,499	8,964,152	15,792,152	12,422,152
Current Liabilities					
Payables		64.647	64.647	64.647	64,647
Total Current Liabilities		64,647	64,647	64,647	64,647
Total Liabilities		64,647	64,647	64,647	64,647
Net Assets		7,536,852	8,899,505	15,727,505	12,357,505
			Number	Number	Number
			Number	Number	Number
Fully paid shares on issue	6.3.3		649,585,253	649,585,253	649,585,253
Fair market value per share (cer	nts)		1.37	2.42	1.90

All SCI's assets and liabilities have been included at the amounts shown in the reviewed financial report for the half year ended 31 December 2020 in our assessment of fair market value other than as set out below:

6.3.1 Cash

We have enquired as to material movements post 31 December 2020 and are advised there are no material transactions, which is consistent with the information provided in SCI's quarterly report for the quarter ended 31 March 2021.

As part of our valuation, we have included the proceeds from options exercised post 31 December 2020, the completion of Tranche 1 and 2 of the Capital Raising as well as the notional exercise of options that are considered to be "in the money", specifically those with an exercise price of \$0.02.

The movements in Cash are reconciled below:

	\$
Balance as at 31 December 2020	1,733,281
Exercise of options post 31 December 2020	206,725
Completion of Tranche 1	859,224
Completion of Tranche 2 as contemplated in the NOM	640,776
Notional exercise of all \$0.02 options considered to be "in	
the money"	1,065,775
	4,505,781

We have considered the costs associated with the Capital Raising and note that they have a minimal impact on the calculated Fair market value of a SCI share, and as a result have not been included in the calculation above.

6.3.2 Exploration assets

The Company's accounting policy is to capitalise exploration costs in accordance with Australian Accounting Standards. Deferred exploration assets are accumulated in respect of each separate area of interest.



Valuation of the Company's interests in exploration assets

We have instructed Mining Insights Pty Ltd ("MIN") to undertake a valuation of the Company's current interests in the four exploration projects set out in Section 5.1.

A copy of the report prepared by MIN dated 17 May 2021 is attached to this Report as Appendix 4. That report also sets out the valuation of the Company's proposed 80% interest in GT's exploration assets which the Company is seeking to acquire. This will be discussed further in Section 7.2 of this Report.

The range of values for the Company's four projects as assessed by MIN is set out below. We have incorporated these valuation amounts in the above Sum of Parts Valuation as the "Valuation Low", "Valuation High" and "Valuation Preferred" amounts.

	Low Value \$	Preferred Value \$	High Value \$
Tindery	509,000	1,193,000	1,842,000
Wellington	569,000	1,307,000	1,992,000
Tallering	742,000	999,000	1,256,000
Broken Hill	2,836,000	4,939,000	7,041,000
Less: adjustment for SCI JV's interest (on a weighted average			
basis)	(436,000)	(760,000)	(1,083,000)
	4,220,000	7,678,000	11,048,000

6.3.3 Fully paid shares on issue

We have factored into the above calculations the issue of 10,336,250 shares on exercise of options post 31 December 2020 as well as the Completion of Tranche 1 (57,281,600) and expected Completion of Tranche 2 (42,718,400), as well as the notional exercise of options that are considered to be "in the money", specifically those with an exercise price of \$0.02.

The total number of shares on issue for the purposes of this valuation is therefore as follows:

INO.
485,960,253
10,336,250
57,281,600
42,718,400
53,288,750
649,585,253

6.3.4 Options currently on issue

The Company's has a number of classes of options currently on issue, as set out in Section 4.4 of this Report. Some of these are considered to be "in the money" as at the valuation date (i.e. those exercisable at \$0.02), based on historical share trading. As such, we have taken these options into account in assessing the value of the Company prior to the Proposed Transaction.

Those options not considered to be "in the money" (i.e. those with an exercise prices of \$0.03 and \$0.05), have not been taken into account when assessing the value of the Company prior to the Proposed Transaction.

6.4 Conclusion on the Fair Market Value of an SCI Share

The value derived from the net assets method on a going concern basis is considered to be the best estimate of the fair market value of a share in SCI, being 1.90 cents.



7. VALUATION OF SCI FOLLOWING THE PROPOSED TRANSACTION

We have estimated the fair market value of the shares in SCI post the acquisition of GT. When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- a) The acquirer is obtaining or increasing control of the target; and
- b) The security holders in the target will be receiving scrip constituting minority interests in the combined entity.

Under RG 111.34, if in a scrip bid the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should be noted that the accepting holders are likely to hold minority interests in the combined entity. As a result, we have assessed the value of an SCI share following the Proposed Transaction on a minority interest basis.

7.1 Net assets on a going concern methodology

In valuing SCI following the acquisition of 80% of GT, we have had regard to the same valuation methodologies we considered in valuing SCI prior to the Proposed Transaction as set out in Section 6.2. We consider that the most appropriate method for the valuation of SCI following the acquisition of 80% of GT is the net assets on a going concern methodology. No other methods are considered by us to be relevant for the purposes of our Report for the same reasons as set out in Section 6.2.5.

7.2 Sum-of-Parts Valuation of SCI following the Proposed Transaction

We have considered the valuation of assets and liabilities of SCI as at 31 December 2020 as set out in Section 6.3.

Our determination of the valuation of SCI following the Proposed Transaction, together with adjustments made by us to form our valuation range on a post-transaction basis, is as follows:

	Report Reference	Valuation Low \$	Valuation Preferred \$	Valuation High \$
Value of SCI pre-Proposed Transaction Valuation of GT exploration assets (reflecting 80% interest) (Note 1)	6.3	8,899,505 3,241,600	12,357,505	15,727,505
Net assets		12,141,105	17,229,505	22,230,705
		Valuation Low No.	Valuation Preferred No.	Valuation High No.
Shares on issue – pre- Proposed Transaction	4.4	649,585,253	649,585,253	649,585,253
Issue of shares pursuant to the Proposed Transaction		300,000,000	300,000,000	300,000,000
Total shares on issue (Number)		949,585,253	949,585,253	949,585,253
Net assets per share (cents) Minority interest discount (Note 2)		1.28 29%	1.81 23%	2.34 17%
Value post-transaction per share (cents)		0.91	1.40	1.94



Note 1 Acquisition of GT and valuation of its exploration assets

SCI will be issuing 300,000,000 ordinary shares to acquire 80% of the ordinary share capital of GT. We have instructed Mining Insights Pty Ltd ("MIN") to undertake a valuation of the exploration licences owned by GT.

A copy of the report prepared by MIN is attached to this Report as Appendix 4.

The range of values for these licences as assessed by MIN is set out below. We have incorporated these valuation amounts in the above Sum of Parts Valuation as the "Valuation Low", "Valuation High" and "Valuation Preferred" amounts.

	Low Value \$	Preferred Value \$	High Value \$
Austin Gold project	4,052,000	6,090,000	8,129,000
80% interest	3,241,600	4,872,000	6,503,200

Note 2 Minority discount

To value the consideration on a minority interest basis, we have applied a minority discount to the value per share derived under the sum-of-parts valuation.

In Australia, industry practice is to apply a control premium in the range of 20% to 40%, consistent with most academic and professional literature.

We have therefore assessed a range for an appropriate minority interest discount (which is the inverse of a premium for control) of 17% to 29%.

7.3 Consideration of Quoted Market Price Basis

To provide a comparison to our assessed valuation of SCI in Section 7.2, we have also assessed the value of SCI on the quoted market price basis.

The quoted market value of a company's shares is reflective of its value on a minority interest basis. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.25 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of section 611 of the Corporations Act 2001, the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain control of another company. These advantages include the following:

- control over policy, decision making and strategic direction;
- access to cash flows:
- control over dividend policies; and
- potentially, access to tax losses.

The Vendors currently holds a zero relevant interest in the Company's shares. Dependent on a number of factors, the Vendors have the ability to control up to 38.8% of the issued capital of SCI as outlined in Section 2.2. This is deemed to constitute a level of control. RG 111 states that the expert should calculate the value of a "target's" (i.e. SCI) shares as if 100% control was being obtained. RG 111.3 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. We have considered reasonableness in Section 8.2 of this Report.



Our valuation calculation has been prepared in two parts. First, we have calculated the quoted market price on a minority interest basis. Secondly, we have added a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

A chart of the share price movement of SCI over the 12 month period prior to 6 April 2021 is included in Section 4.6 of this Report.

The SCI closing share price has fluctuated from a price of \$0.006 at the beginning of the above period, to a high of \$0.028 on 15 February 2021 and to a closing price of \$0.018 at the valuation date. The Share price of SCI has risen steadily over the period with no significant announcements correlating with share price changes. We note there has been a significant increase in the share price post announcement of the Proposed Transaction.

To provide further analysis of the market prices for a SCI share, we have also calculated the volume weighted average market price for 10, 30, 60 and 90 day periods of recent trading prior to the 7 April 2021, as follows:

	6 April 2021 cents	10 Days cents	30 Days cents	60 Days cents	90 Days cents
Closing price	1.8				_
Volume weighted average		1.9	2.0	2.4	2.3

For the quoted market price basis to be reliable there needs to be an adequately liquid and active market for the securities. We consider the following characteristics to be representative of a liquid and active or "deep" market:

- Regular trading in a company's securities;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant and unexplained movements in the company's share price.

A company's shares should meet all the above criteria to be considered as trading in a "deep" market, however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares determined on this basis cannot be considered relevant.

An analysis of the volume of trading in SCI shares for the 12 months prior to 6 April 2021 is set out below:

	Low cents	High cents	Cumulative Volume Traded	As a % of issued capital as at 30 June 2020
			No	
10 days	1.8	2.2	10,006,596	2.06%
30 days	1.8	2.6	22,942,643	4.72%
60 days	1.8	2.8	99,560,883	20.49%
90 days	1.7	2.8	154,930,553	31.88%
180 days	1.4	2.8	296,199,889	60.95%

This table indicates that the company's shares display a medium level of liquidity, with 60.95% of the company's issued capital at 30 June 2020 being traded in the 12 month period prior to 6 April 2021 and subjected to large level of fluctuation, albeit of a small base. We do not consider this level of trading in the company's shares to be sufficiently adequate and to otherwise meet the criteria in order for the trading in the company's shares to be considered as "deep"



Notwithstanding our opinion that the quoted market price basis is not a reliable valuation basis for our assessment, for the purpose of comparison, in our opinion a range of values for SCI shares based on market pricing, is between 1.4 cents and 2.8 cents with a preferred value of 1.9 cents.

Control premium

Share prices from share market trading do not reflect the market value for control of a company as they are in respect of minority interest holdings.

In Australia, industry practice is to apply a control premium in the range of 20% to 40%, as shown in the following list quoting ranges noted in various independent experts' reports.

- Deloitte 20% to 40%
- EY 20% to 40%
- Grant Samuel 20% to 35%
- KMPG 25% to 35%
- Lonergan Edwards 30% to 35%
- PwC 20% to 40%

This range of control premiums shown is consistent with most academic and professional literature.

As a result, we consider it appropriate to apply a control premium in the range of 20% to 40%.

	Low Cents	Preferred Cents	High Cents
Quoted market price value	1.4	1.9	2.8
Control premium Quoted market price value inclusive of a	20%	30%	40%
control premium	1.68	2.47	3.92

Notwithstanding our opinion that the quoted market price basis is not a reliable valuation basis for our assessment, for the purpose of comparison, in our opinion a range of values for SCI shares based on market pricing, is between 1.68 cents and 3.92 cents with a preferred value of 2.47 cents.

8. EVALUATION AND OPINION

8.1 Is the Proposed Transaction fair?

The pre and post-Proposed Transaction values of SCI are set out below:

		Valuation Range		
		Low Cents	High Cents	Preferred Cents
Value of an SCI share pre- Proposed Transaction on a control basis	Section 6.3	1.37	2.41	1.90
Value of an SCI share post- Proposed Transaction on a minority interest basis	Section 7.2	0.91	1.94	1.40

We note from the table above that the value of an SCI share prior to the Proposed Transaction on a control basis is greater than the value of an SCI share on a minority interest basis following the Proposed Transaction. Therefore, on this basis the Proposed Transaction would be considered to be not fair to the non-associated shareholders of SCI.

Conclusion on fairness

As a result, it is our opinion that the Proposed Transaction is not fair to the non-associated shareholders of SCI.



8.2 Is the Proposed Transaction reasonable?

We have also identified the following factors in relation to the reasonableness of the Proposed Transaction:

8.2.1 Advantages of accepting the Proposed Transaction

- The GT exploration projects provide SCI with a new direction and a diversification of its asset portfolio, together with the potential upside that exploration and potential development of these projects may bring;
- the license package held by GT is located in a strategic position where the key host rock stratigraphy to the various gold deposits held by Musgrave have been repeated due to a large regional fold;
- the Austin Gold Project compliments the current asset portfolio of the Company particularly given the recent extensive work programs and acquisitions on gold projects within Western Australia and New South Wales;
- The potential increase in market capitalisation (as demonstrated by trading post announcement) of the Company following the Proposed Transaction and the associated Capital Raising may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity which are not currently present;
- The consideration for the Proposed Transaction is primarily shares, thereby allowing more funds raised from the Placement to be used directly on activities relating to the GT exploration projects; and
- The Board of SCI has not received any alternative proposal to the Proposed Transaction.

8.2.2 Disadvantages of accepting the Proposed Transaction

- The GT exploration assets have been subject to limited exploration. Exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company and there is no assurance that exploration on GT tenements will result in the discovery of an economic resource. Even if an apparently viable project is identified, there is no guarantee that it can be economically exploited;
- Future outlays of funds from the Company may be required for the operations of GT, and
- The Proposed Transaction will result in the issue of shares to the current owner of GT, Gardner Mining, which will give Gardner Mining voting power of 37.87%, reducing the voting power of non-associated Shareholders in aggregate from 100% to 62.13%. SCI shareholders are not receiving a premium for this loss of control.

Conclusion on reasonableness

We have considered the above factors. We consider that, on balance, the advantages of the Proposed Transaction outweigh the disadvantages. We are therefore of the view that the position of non-associated shareholders if the Proposed Transaction is accepted, would be more advantageous than if the Proposed Transaction is not accepted.

Accordingly, we are of the opinion that the Proposed Transaction is reasonable to the non-associated shareholders of SCI.

8.3 Opinion

We are of the opinion that the Proposed Transaction is not fair, but reasonable to the nonassociated shareholders of SCI.



9. APPENDICES

Appendix 1 – Glossary of Terms

TERM	DEFINITION
Acquisition	SCI's offer to acquire 80% of the shares in GT
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited
Consideration Shares	300,000,000 ordinary fully paid shares in SCI
DCF	Discounted cash flows
Directors	Directors of SCI
EBIT	Earnings before Interest and Tax
EBITDA FME	Earnings before Interest, Tax, Depreciation and Amortisation
General Meeting	Capitalisation of future maintainable earnings A general meeting of shareholders of SCI is proposed to be
General Meeting	held on 5 July 2021 to consider the Proposed Transaction, as well as other resolutions
GT	Gardner Tenements Pty Ltd (ACN 647 292 635)
HLB	HLB Mann Judd Corporate (WA) Pty Ltd
NOM	The Notice of General Meeting for the meeting to be called to consider the Proposed Transaction
NTA	Net tangible assets
Mining Insights	Mining Insights Pty Ltd
Proposed Transaction	SCI's offer to acquire 80% of the shares in GT
SCI or the Company	Silver City Minerals Limited
Vendor or Gardner Mining	Gardner Mining Pty Ltd



Appendix 2 - Qualifications, Declarations and Consents

HLB, which is a wholly owned entity of HLB Mann Judd Chartered Accountants, is a Licensed Investment Adviser and holder of an Australian Financial Services Licence under the Act and its authorised representatives are qualified to provide this Report. The authorised representative of HLB responsible for this Report has not provided financial advice to SCI.

The author of this Report is Norman Neill. He is a Fellow of Chartered Accountants Australia and New Zealand, holds a Bachelor of Business, and has considerable experience in the preparation of independent expert reports and valuations of business entities in a wide range of industry sectors.

Prior to accepting this engagement, HLB considered its independence with respect to SCI with reference to ASIC Regulatory Guide 112 and APES 225. In HLB's opinion, it is independent of SCI.

This Report has been prepared specifically for the shareholders of SCI. It is not intended that this Report be used for any other purpose other than to accompany the NOM to be sent to SCI's shareholders. In particular, it is not intended that this Report should be used for any purpose other than as an expression of the opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders of SCI. HLB disclaims any assumption of responsibility for any reliance on this Report to any person other than those for whom it was intended, or for any purpose other than that for which it was prepared.

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report, HLB has relied on and considered information believed, after due inquiry, to be reliable and accurate. HLB has no reason to believe that any information supplied to it was false or that any material information has been withheld.

HLB has evaluated the information provided to it by SCI and other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially misstated or would not provide a reasonable basis for this Report. HLB has not, nor does it imply that it has, audited or in any way verified any of the information provided to it for the purposes of the preparation of this Report.

In accordance with the Corporations Act 2001, HLB provides the following information and disclosures:

- HLB will be paid its usual professional fee based on time involvement at normal professional rates, for the preparation of this Report. This fee, estimated to be \$17,000 excluding GST, is not contingent on the conclusion, content, or future use of this Report.
- Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- HLB and its directors and associates do not have any interest in SCI.
- HLB and its directors and associates do not have any relationship with SCI or any associate of SCI.



Appendix 3 - Financial Services Guide



FINANCIAL SERVICES GUIDE

Dated May 2021

1. HLB Mann Judd Corporate (WA) Pty Ltd

HLB Mann Judd Corporate (WA) Pty Ltd ABN 69 008 878 555 ("HLB Mann Judd Corporate" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 250903:
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- securities;
- interests in managed investment schemes excluding investor directed portfolio services;
- superannuation; and
- debentures, stocks, or bonds issued or proposed to be issued by a government.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product and there is no statutory exemption relating to the matter, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

hlb.com.au

HLB Mann Judd Corporate (WA) Pty Ltd ABN 69 008 878 555 / AFSL 250903

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5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither HLB Mann Judd Corporate, nor any of its directors, employees, or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by us

HLB Mann Judd Corporate has no employees. All personnel who complete reports for HLB Mann Judd Corporate are partners of HLB Mann Judd (WA Partnership). None of those partners are eligible for bonuses directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

HLB Mann Judd Corporate is wholly owned by HLB Mann Judd (WA Partnership). Also, our directors are partners in HLB Mann Judd (WA Partnership). Ultimately the partners of HLB Mann Judd (WA Partnership) own and control HLB Mann Judd Corporate.

From time to time HLB Mann Judd Corporate or HLB Mann Judd (WA Partnership) may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1. Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints must be in writing, addressed to The Complaints Officer, HLB Mann Judd Corporate (WA) Pty Ltd, Level 4, 130 Stirling Street, Perth WA 6000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within **7 days** and investigate the issues raised. As soon as practical, and not more than **one month** after receiving the written complaint, we will advise the complainant in writing of the determination.

9.2 Referral to external disputes resolution scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOS"). FOS independently and impartially resolves disputes between consumers, including some small business, and participating financial services providers.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited GPO Box 3 Melbourne VIC 3001

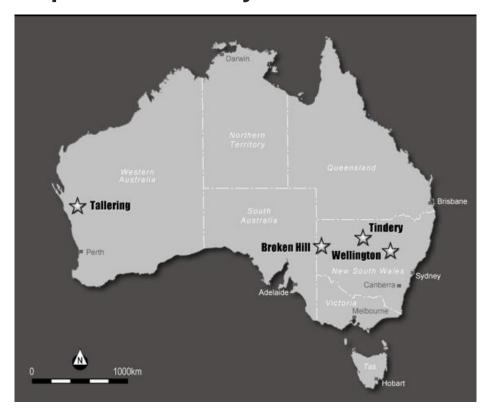
Toll free: 1300 78 08 08 Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details at the foot of page 1 of this FSG.

Appendix 4 – Independent Valuation of Interests by Mining Insights

Independent Mineral Asset Valuation Report - Silver City Minerals Limited



Report Prepared for HLB Mann Judd Corporate (WA) Pty Ltd.

Report Prepared by



May 2021



HLB Mann Judd Corporate (WA) Pty Ltd.

Independent Mineral Asset Valuation Report – Silver City Minerals Limited

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17 May 2021

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Key Abbreviations

A\$ or AUD Australian Dollar

Ag Silver Au Gold

AusIMM Australasian Institute of Mining and Metallurgy

Cu Copper ha Hectare(s)

JORC 2012 Edition of the Australasian Code for Reporting of Exploration Results,

Mineral Resources and Ore Reserves, Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Mineral Council of

Australia

K Thousand km Kilometres(s)

km² Square kilometre(s)

KMM Kalgoorlie Mine Management Pty Ltd

M Million

Mt Millions of tonnes

Mineral A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, quality, and quantity

that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, continuity, and other geological characteristics of a Mineral Resource are known, estimated, or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred,

Indicated, and Measured categories.

Mining Insights Mining Insights Pty Ltd.

Mtpa Millions of tonnes per annum

Ore An 'Ore Reserve' is the economically mineable part of a Measured and/or Reserve Indicated Coal Resource. It includes diluting materials and allowances for

losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include the application of Modifying Factors. Such studies demonstrate that,

at the time of reporting, extraction could reasonably be justified.

The reference point at which Reserves are defined, usually, the point where Ore is delivered to the processing plant must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully

informed as to what is being reported.

Pb Lead

Silver City Silver City Minerals Limited

t Tonne Zn Zinc



Executive Summary

In April 2021, Silver City Minerals Limited ("Silver City" or "Company") announced that it has entered into a binding agreement with Gardner Mining Pty Ltd ("Vendor") through the acquisition of Gardner Tenements Pty Ltd ("GT") to acquire an 80% interest in the Austin Gold Project, located in the Mt Magnet and Tuckabianna Greenstone Belts of Western Australia.

Mining Insights Pty Ltd. ("Mining Insights") was instructed by HLB Mann Judd Corporate (WA) Pty Ltd ("HLB") to prepare an Independent Mineral Asset Valuation Report (Report) for the mineral assets currently held by Silver City and those being acquired being the Austin Project which HLB will use as part of their Independent Expert Report ("IER").

This Report is complete up to 17 May 2021. A draft of the technical component of the Report was provided to Silver City, along with a written request to identify any material errors or omissions prior to lodgement.

Silver City Projects

Silver City is focused on exploring gold and base metals (lead, zinc and copper) . The four exploration assets are:

- Tindery Gold Project (NSW);
- Wellington Gold-Copper Project (NSW);
- Broken Hill Base Metal Project (NSW); and
- Tallering Base Metal-Gold Project (WA).

Tindery Project

The Tindery Project consists of an Exploration Permit EL8579 (47 sub-blocks, 141 km²). The Tindery Project is located 45 km north of Cobar in the prolific Cobar gold-base metal mining district.

The tenement covers elements of the Cobar Basin. The tenement is mainly underlain by quaternary covered Siluro-Devonian Cobar Supergroup sedimentary rocks and in the north-western corner by Ordovician age Girilambone Group rocks and the Silurian age Wilgaroon Granite. The Chesney Fault System, which extends for a 15km strike on the Tindery Project tenement, is considered highly prospective since it is a significant subsidiary structure to the Cobar Fault associated with other major deposit in the area.

Historical work on the Project has been limited. Previous exploration on the license indicates extensive stockwork veining at the Golconda gold prospect that is reported to extend over an area 50-200m wide and 450m long with rock samples up to 2.5 g/t Au. In addition, gold-bearing chalcedonic quartz veins have been historically identified at the Tinderra Tank Prospect and reported to occur up to 5m thick and extend for 2.5km strike with assays up to 2.1 g/t Au. Previous shallow drilling at Tinderra Tank returned up to 2m at 0.8 g/t Au from 26m.

Wellington Project

The Wellington Project consists of an Exploration Permit EL8971 (71 sub-blocks, 213 km²). The Wellington project is located south of Wellington township on the Mitchell Highway, which connects Dubbo to Sydney.



The Project is located at the northern end of the Molong Volcanic Belt, an Ordovician volcanic belt within the Eastern Lachlan Orogen (Macquarie Arc) in Central West of NSW. Molong Volcanic Belt is considered highly prospective for large scale porphyry and epithermal gold-copper deposits. Examples of porphyry copper-gold within the Molong Volcanic Belt includes Cadia-Ridgeway (Newcrest) 85km to the south and the Boda discovery (Alkane Resources NL) 15km north east.

The majority of the project area has been covered with regional-scale stream sediment sampling. Assaying has primarily been for base metals (copper, lead and zinc) with limited precious metals (gold, silver) and very limited trace element geochemistry.

Broken Hill Project

The Broken Hill Project consists of eleven (11) exploration tenements located north and south of the town of Broken Hill. Large land holding of 176 Blocks (555.7km²) surrounding the World-class silver-lead-zinc deposit at Broken Hill.

The tenement area covers meta-sediments comprising rock units of the Thackaringa, Broken Hill and Sundown Groups that have undergone polyphase deformation and folding. The Broken Hill deposit is predominantly sediment-hosted and located in the upper Broken Hill Group of the Willyama Supergroup. The Willyama Supergroup represents a 7 to 9km thick pile of sedimentary basin-fill with an uncertain amount of felsic volcanic component.

The majority of previous exploration work has centred around the Copper Blow, Razorback and Yalcowinna Prospects.

The Copper Blow Trend is a copper, and magnetite mineralised system that occurs over 4km of strike with copper mineralisation under cover intersected by drilling over a strike length of 500m. Assessment of the mineralisation in detail indicates the geological and geochemical characteristics of an iron oxide copper-gold deposit (IOCG). The Company has completed geochemical sampling, an induced polarisation (IP) geophysical survey and four rounds of drilling for approximately 8,000m defining a +200m vertical extent of copper mineralisation interpreted to be hosted within a shear of the structural zone.

The Razorback Prospect is located to the north of the Broken Hill orebody. The host rocks of Razorback West have been interpreted to be the fault offset extension of the Broken Hill mine sequence and, as such, are potentially prospective for Broken Hill style zinc lead silver mineralisation. The Company has identified several potential targets based on coincident zinclead geochemistry, IP chargeability and gravity.

The Yalcowinna Prospect contains extensive copper-cobalt mineralised gossans hosted within the Thackaringa Group sequence in the Euriowie Block, approximately 25km east of Broken Hill. Drilling at Yalcowinna has identified broad low-grade copper-cobalt mineralisation within albite gneisses potentially similar to the Pyrite Hill-Big Hill deposits owned by Cobalt Blue Limited. The license is currently being reviewed for IOCGU potential.



Tallering Project

The Tallering Project consists of an Exploration License Application ELA59/2455 (47 sub-blocks, 141 km²). The Tallering project is located approximately 400km north-northeast of Perth.

The Tallering Project Area covers part of the southern margin of Archaean Tallering Greenstone Belt, located within the western portion of the Murchison Province of the Yilgarn Craton, Western Australia. The Project covers a potential 28 km strike of the Gabanintha Formation that includes felsic volcanic rocks that host the Golden Grove Volcanogenic massive sulfide (VMS) deposit. The Tallering Greenstone Belt occurs parallel and north of the Snake Well VMS prospect.

Exploration on the tenement has included stream sediment sampling, laterite sampling and soil auger geochemistry.

Gardner Mining's Austin Project

The Austin Gold Project is centred around one granted mining license at Mt Sandy and surrounded by three larger granted exploration licenses and one small prospecting license. The Austin Gold Project is located 45 km north of Mt Magnet in the highly prospective Tuckabianna and Mt Magnet greenstone belts of the prolific Murchison gold mining district and is adjacent to Musgrave Minerals Limited (ASX:MGV) Cue Gold Project and Break of Day deposit.

The project area covers a significant portion of the eastern margin of the Mt Magnet greenstone belt that trends north from Mt Magnet. A north-northeast trending mylonitised contact separates the volcano-sedimentary sequence from sheared granitic rocks in the southeast of the project area. This major structure continues south towards Mt Magnet and north-northeast towards the Tuckabianna gold camp.

The Project has been privately held by various companies for over 20 years, with very little modern-day exploration programs conducted throughout the package. However, widespread alluvial and hard rock gold has been recovered near-surface exposures throughout the package by prospectors over many years. The previous exploration includes rock chip geochemical sampling and scout drilling.

Significant drilling results includes:

Brunswick Hill Prospect:

- 6m at 15.8 g/t Au from 36m in BGRC-031, including 2m at 43.0 g/t Au in pyrite-altered and quartz veined sheared basalt at the contact with banded iron formation (BIF);
- 6m at 2.9 g/t Au from 44m in JWRCP-19, including 1m at 11.8 g/t Au in altered BIF with quartz veins and disseminated sulphide.

Brians Prospect:

2m at 20.1g/t Au from 31m to the end of the hole in AUSRC20.

Mt Sandy Prospect:

7m at 1.7 g/t Au from 21m, including 3m at 3.4 g/t Au in SC0603.



Mineral Asset Valuation

In forming its opinion of the reasonable value of the Silver City's and Gardner Mining's projects, Mining Insights has taken guidance from the comparable market transactions and Geoscientific Rating methods. In selecting its overall value range and preferred value, Mining Insights has placed equal weight on the values implied by these methods, with a preferred value being halfway between the low and high-value range. The summary of the valuation for the tenements (on a 100% basis) is shown in table below.

Valuation (100% Basis)

Project	Value - Market Comparable Method (\$'000)			Value - Geoscientific Method (\$'000)			Selected Value (\$'000)		
	Lower	Preferred	Higher	Lower	Preferred	Higher	Lower	Preferred	Higher
Silver City (100%)	4,689	8,429	11,991	4,622	8,446	12,271	4,656	8,438	12,131
Gardner Mining (100%)	4,625	5,550	6,475	3,478	6,630	9,782	4,052	6,090	8,129

Based on Market Comparable and Geo-scientific Rating method, the valuation for Silver City's tenements (100% Basis) has been determined to be in the range of \$4.66M to \$12.13M with a preferred value of \$8.44M. In comparison, the valuation for Gardner Mining tenements (100% Basis) has been determined to be in the range of \$4.05M to \$8.13M with a preferred value of \$6.09M.

This valuation range is considered appropriate for the Project at this stage of development, reflecting the uncertainty and eventual extraction of a mineral resource.



1 Introduction

In April 2021, Silver City Minerals Limited ("Silver City" or "Company") announced that it has entered into a binding agreement with Gardner Mining Pty Ltd ("Vendor") through the acquisition of Gardner Tenements Pty Ltd ("GT") to acquire an 80% interest in the Austin Gold Project, located in the Mt Magnet and Tuckabianna Greenstone Belts of Western Australia.

Mining Insights Pty Ltd. ("Mining Insights") was instructed by HLB Mann Judd Corporate (WA) Pty Ltd ("HLB") to prepare an Independent Mineral Asset Valuation Report (Report) for the mineral assets currently held by Silver City and those being acquired being the Austin Project which HLB will use as part of their Independent Expert Report ("IER").

This Report is complete up to 17 May 2021. A draft of the technical component of the Report was provided to Silver City, along with a written request to identify any material errors or omissions prior to lodgement.

1.1 Compliance with JORC and VALMIN Code

This Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports 2015 Edition ("The VALMIN Code") and the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves 2012 Edition (The JORC Code).

Both codes are binding upon Members of the Australian Institute of Geoscientists (AIG), the Australasian Institute of Mining and Metallurgy (AusIMM), the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves and the rules and guidelines issued by such bodies as ASIC and Australian Securities Exchange (ASX), which pertain to Independent Experts' Reports.

The authors have taken due note of the rules and guidelines issued by bodies such as the Australian Securities and Investments Commission (ASIC) and the ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports and ASIC Regulatory Guide 112 – Independence of Experts.

1.2 Qualifications

The principal person responsible for preparing and reviewing this Report is Mr Manish Garg (Director), a Mineral Valuation Specialist.

Mr Manish Garg [BEng (Minerals Engineering), Masters of Applied Finance, MAusIMM] is a mineral asset valuation specialist with over 30 years of experience in mining operations, mining feasibility studies, consulting and corporate roles in lead, zinc, copper, nickel, gold, graphite and coal – project management, metallurgy, scoping study and valuation.

The information in this Report that relates to the technical assessment and valuation of mineral assets reflects information compiled and conclusions derived by Mr Manish Garg, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Garg is employed by Mining Insights and is not a related party to Silver City.



Mr Garg has sufficient experience relevant to the technical valuation of the mineral assets under consideration and to the activity which they are undertaking to qualify as Practitioners as defined in the 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets. Mr Garg consent to the inclusion in the Report of the matters based on the information in the form and context in which it appears.

1.3 Data Sources

Mining Insights has based its review of the projects on the information made available by Silver City along with technical reports prepared by consultants, government agencies and previous tenements holders, and other relevant published and unpublished data. Mining Insights has relied upon discussions with Silver City's management as well as recent exploration reports for the information contained within this Report.

Mining Insights has used its reasonable endeavours to verify the accuracy and completeness of the information provided to it by Silver City, on which it has relied in compiling the Report. We have no reason to believe that any of the information or explanation supplied is false or that material information has been withheld.

1.4 Site Visit

Mining Insights did not consider that a site visit was warranted. It was considered that a site visit would not reveal information or data material to the outcome of this Report due to the early nature of the projects. The specialist is satisfied that there is sufficient current information available to allow an informed evaluation to be made without an inspection.

1.5 Tenement Status

A determination of the Status of Tenure is necessary and must be based on a sufficiently recent inquiry to ensure that the information is accurate for the Report. A tenure that is material must be or recently have been verified independently of the Commissioning Entity. (Adapted from VALMIN Code 2015, Clause 7.2)

The status of the tenements has been verified based on a recent independent inquiry of the Department of Planning & Environment, Division of Resources and Geoscience, NSW (source: https://minview.geoscience.nsw.gov.au) and Department of Mines, Industry Regulation and Safety, WA, Mineral Titles On-Line database (source: https://emits.dmp.wa.gov.au/emits/enquiry/home2.xhtml) by Mining Insights, pursuant to section 7.2 of the Valmin Code, 2015.

Mining Insight is not aware of any outstanding matters that may affect the conduct of exploration on the tenements in a timely manner.

1.6 Independence

Neither Mining Insights nor the author(s) of this Report, have or have previously had any material interest in Silver City or its projects/assets. Mining Insights nor the authors have not prepared any previous reports relating to the mineral assets that are the subject of this Report.



Mining Insights' relationship with Silver City is solely one of professional association between independent consultant and client.

1.7 Professional Fees

Mining Insights' estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, Mining Insights' knowledge of the assets and the availability of data. The fee payable to Mining Insights for this engagement is estimated at approximately \$32,000. The payment of this professional fee is not contingent upon the outcome of the Report.

1.8 Consent

Mining Insights consents to this Report being included, in full, in Silver City Notice of Meeting in the form and context in which the technical assessment is provided and not for any other purpose.

Mining Insights provides this consent on the basis that the technical assessments expressed in the summary and the individual sections of this Report are considered with, and not independently of, and the information set out in the complete Report.

1.9 Disclaimer

The opinions expressed in this Report are appropriate as of 17 May 2021. The opinions expressed in this Report are based upon the information supplied to Mining Insights by Silver City. The opinions in this Report are provided in response to a specific request to do so.

Mining Insights has exercised all due care in reviewing the supplied information. Whilst Mining Insights has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant upon the accuracy and completeness of the supplied data. Mining Insights does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of the investigations and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which Mining Insights had no prior knowledge nor had the opportunity to evaluate. Silver City was provided with a technical section of this Report and requested to identify any material errors or omissions prior to its lodgement.



2 Silver City Existing Mineral Assets

Silver City is a listed mineral exploration company with a diverse portfolio of exploration projects in New South Wales and Western Australia. Silver City is focused on exploring base metals (lead, zinc and copper) and gold. The four exploration assets are:

- Tindery Gold Project (NSW);
- Wellington Gold-Copper Project (NSW);
- Broken Hill Base Metal Project (NSW); and
- Tallering Base Metal-Gold Project (WA).

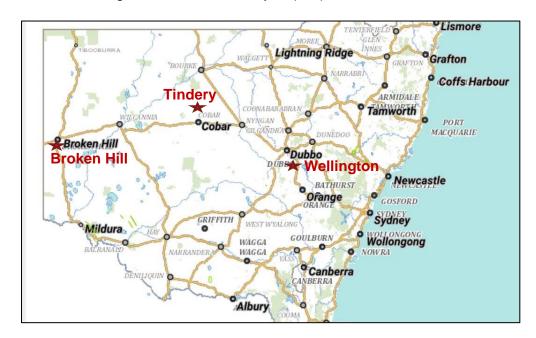


Figure 2:1 Location of Silver City NSW Assets

Source: NSW MinView



Figure 2:2 Location of Silver City WA Assets

Source: WA GeoView



2.1 Tenement Status

A determination of the Status of Tenure is necessary and must be based on a sufficiently recent inquiry to ensure that the information is accurate for the Report. A tenure that is material must be or recently have been verified independently of the Commissioning Entity (Adapted from VALMIN Code 2015, Clause 7.2).

The tenements under review in this Report and the current status of the Exploration Permits are summarised in Table 2:1.

Table 2:1 Silver City - Exploration Permit Schedule

Project	Tenement	Tenement Holder	Grant Date	Expiry Date	Annual Rent (\$)	Blocks	Area (sq km)
Tindery	EL 8579	Silver City Minerals Ltd	26/05/2017	26/05/2023	2,920	47	141
Wellington	EL 8971	Syndicate Minerals Pty Ltd	23/04/2020	23/04/2026	4,360	71	213
	EL 7300	Silver City Minerals Ltd	23/02/2009	23/02/2026	1,180	18	54
	EL 8020	Silver City Minerals Ltd	23/11/2012	23/11/2023	460	6	18
	EL 8075	Silver City Minerals Ltd	15/04/2013	15/04/2022	2,500	40	120
	EL 8077	Silver City Minerals Ltd	15/04/2013	15/04/2022	1,480	23	69
	EL 8078	Silver City Minerals Ltd	15/04/2013	15/04/2022	2,260	36	108
Broken Hill	EL 8236	Silver City Minerals Ltd	11/02/2014	11/02/2026	340	4	12
	EL 8333	Silver City Minerals Ltd	17/12/2014	17/12/2023	400	5	15
	EL 8495	Silver City Minerals Ltd	22/12/2016	22/12/2024	400	5	15
	EL 8685	Silver City Minerals Ltd	23/01/2018	23/01/2024	220	2	6
	EL 8862	Silver City Minerals Ltd	17/06/2019	17/06/2025	580	8	24
	EL 8863	Silver City Minerals Ltd	17/06/2019	17/06/2025	1,840	29	87
Tallering	E59/2455	Silver City Minerals Ltd	Pending, appl	lied 13/8/2020	6,627	47	141

The status of the tenements has been verified based on a recent independent inquiry of the Department of Planning & Environment, Division of Resources and Geoscience, NSW (source: https://minview.geoscience.nsw.gov.au) and Department of Mines, Industry Regulation and Safety, WA, Mineral Titles On-Line database (source: https://emits.dmp.wa.gov.au/emits/enquiry/home2.xhtml) by Mining Insights, pursuant to section 7.2 of the Valmin Code, 2015.

Mining Insights is not aware of any outstanding matters that may affect the conduct of exploration on the tenements in a timely manner.

2.2 Tindery Gold-Base Metal Project

The Tindery Project consists of an Exploration Permit EL8579 (47 sub-blocks, 141 km²). The Tindery Project is located 45 km north of Cobar in the prolific Cobar gold-base metal mining district with extensive historical production of gold, silver and copper. The Project is located in the unexplored northern tip of the Cobar Trend along strike from the CSA Mine held by Glencore and the Endevour Mine owned by CBH Resources (Figure 2:3).



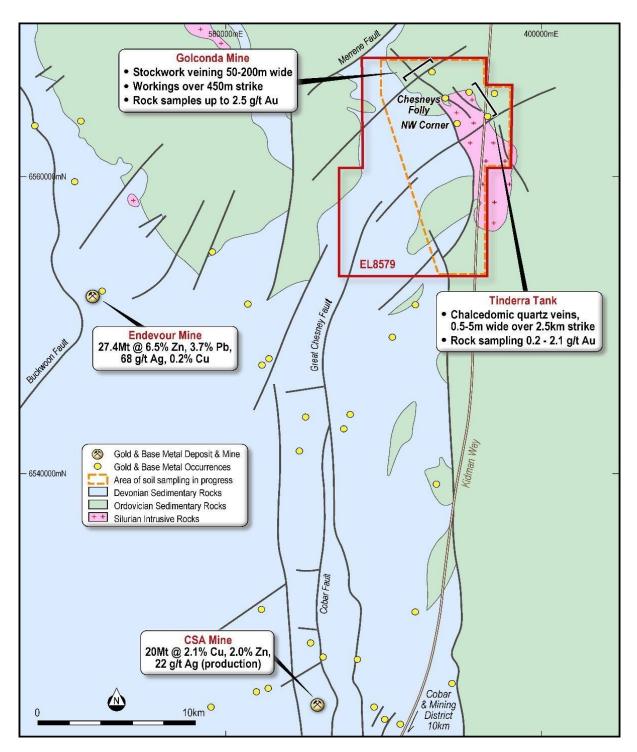


Figure 2:3 Simplified geology map showing the Tindery Project license in relation to the major deposits and occurrences in Cobar Basin

Source: Tindery Annual Exploration Expenditure Report, 2020

Resource estimates in relation to third parties' projects are total combined Measured, Indicated and Inferred that are reported in the CBH 2008 Annual Report prepared in accordance with the JORC code at the time.



2.2.1 Geology

The tenement covers elements of the Cobar Basin, an Ordovician metasedimentary succession host to several significant mines (Figure 2:3). The prospective Chesney Fault System strikes onto the southern portion of EL8579, with 15km of prospective fault on the tenure.

The Cobar Basin is intruded by a suite of Silurian aged granitoids, including the Tindery Granite. Several mineral occurrences of gold and reported historical small-scale mines and workings are reported within the Girilambone Group within proximity to the contacts of the Tindery Granite.

The tenement is mainly underlain by quaternary covered Siluro-Devonian Cobar Supergroup sedimentary rocks and in the north-western corner by Ordovician age Girilambone Group rocks and the Silurian age Wilgaroon Granite (Figure 2:4).

The Cobar Super Group rocks comprise;

- Great Cobar Slate slate with interbeds of siltstone
- Chesney Formation thinly bedded sandstones interbedded with siltstone and mudstone
- Drysdale Conglomerate boulder to granule conglomerate and pebbly sandstone
- Meryula Formation thin- to medium-bedded sandstone –mudstone facies.

These are underlain by the Girilambone Group sediments comprising thick to thinly bedded arenites interbedded with siltstone and mudstone.

Four mineral occurrences have been recorded within the tenement area:

- Golconda mine Au
- Chesneys Folly Au (Ag)
- NW Corner prospect Pb (Cu)
- Tinderra Tank prospect Ag (Au)

These are all quartz (pyrite ± arsenopyrite) vein and/or multi vein deposits related to the Wilgaroon/Tinderra granite.

2.2.2 Previous Exploration

The Chesney Fault System, which extends for a 15km strike on the Tindery Project tenement, is considered highly prospective since it is a significant subsidiary structure to the Cobar Fault associated with the CSA deposit (Figure 2:3). The northern part of the Cobar Basin is intruded by a suite of Silurian aged granitoids, including the Tindery Granite. Several gold occurrences and historical small-scale mines and workings are reported within close proximity to the contacts of the Tindery Granite. This association suggest the Project is prospective for intrusion-related gold (IRG) deposits.

The Chesney Folly prospect is anomalous in gold up to 2.1g/t in historical drilling. Limited sampling by historical explorers has defined an Au-Ag-Pb-Zn-Cu-Sb-As association in magnetic lag traverses. Orientation sampling by Silver City in 2017, over the Chesney Fault, identified As-Cu-Pb-Bi anomalism associated with sheared conglomerates of the Girilambone Group.



Silver City Minerals has identified that the contact of the Silurian Tindarey Granite is prospective for gold mineralisation. The Cobar Basin is intruded by a suite of Silurian aged granitoids, including the Tindery Granite. Several mineral occurrences of gold and reported historical small-scale mines and workings are reported within the Girilambone Group within proximity to the contacts of the Tindery Granite.

Historical work on the Project has been limited to date. Previous exploration on the license indicates extensive stockwork veining at the Golconda gold prospect that is reported to extend over an area 50-200 m wide and 450 m of long with rock samples up to 2.5 g/t Au (Figure 2:4). The Golconda gold prospect trend has never been drilled.

In addition, extensive gold-bearing chalcedonic quartz veins have been historically identified at the Tinderra Tank prospect and reported to occur up to 5 m thick and extend for 2.5km strike with assays up to 2.1 g/t Au (Figure 2:4). Previous shallow drilling at Tinderra Tank returned up to 2 m at 0.8 g/t Au from 26 m (See announcement 19 Aug 2020).

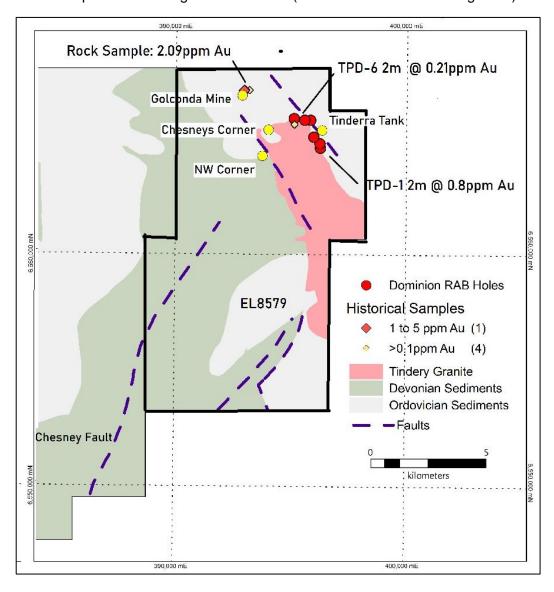


Figure 2:4 Tindery Project - historical gold mineralisation
Source: Adopted from Silver City ASX Announcement, 19 Aug 2020

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Silver City has commenced a fine fraction multi-element soil survey and regolith mapping program. A small portion of the survey was completed in December 2020, which also included 35 reconnaissance rock samples.

2.3 Wellington Gold-Copper Project

The Wellington Project consists of an Exploration Permit EL8971 (71 sub-blocks, 213 km²). The Wellington project is located south of Wellington township on the Mitchell Highway, which connects Dubbo to Sydney.

Silver City settled the acquisition of the Wellington Project in July 2020 from Syndicate Minerals Pty Ltd. The exploration license EL8971 is now pending transfer to Silver City Minerals upon all normal statutory consents being received.

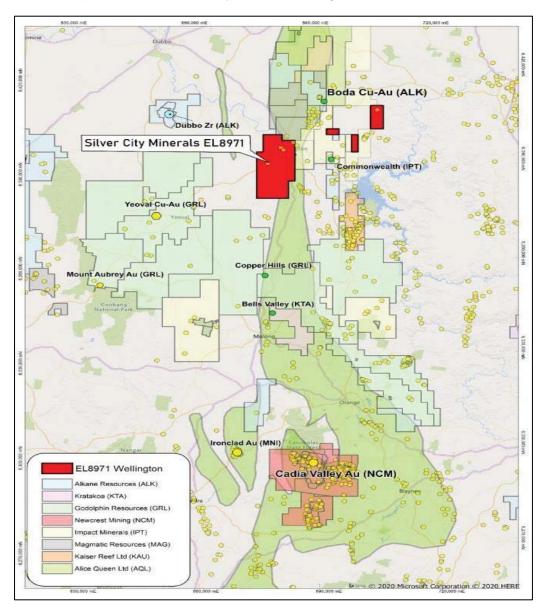


Figure 2:5 Wellington Project – location Source: Silver City ASX Announcement, 11 Mar 2020



2.3.1 Geology

The Project is located at the northern end of the Molong Volcanic Belt, an Ordovician volcanic belt within the Eastern Lachlan Orogen (Macquarie Arc) in Central West of NSW. Molong Volcanic Belt is considered highly prospective for large scale porphyry and epithermal gold-copper deposits. Examples of porphyry copper-gold within the Molong Volcanic Belt includes Cadia-Ridgeway (Newcrest) 85km to the south and the Boda discovery (Alkane Resources NL) 15km north east.

A significant portion of the tenement is within a 15km northwest-trending corridor. The corridor is defined by monzonite intrusives, extensive alteration and widespread, low-grade gold-copper mineralisation.

2.3.2 Historical Exploration

The Project has been explored by Placer Prospecting Australia (1967-1968), AMAX Exploration (1972-1974) and Banlona Pty Ltd (Paradigm Gold) in 2014. The majority of the project area has been covered with regional-scale stream sediment sampling. Assaying has primarily been for base metals (copper, lead and zinc) with limited precious metals (gold, silver) and very limited trace element geochemistry (Figure 2:6).

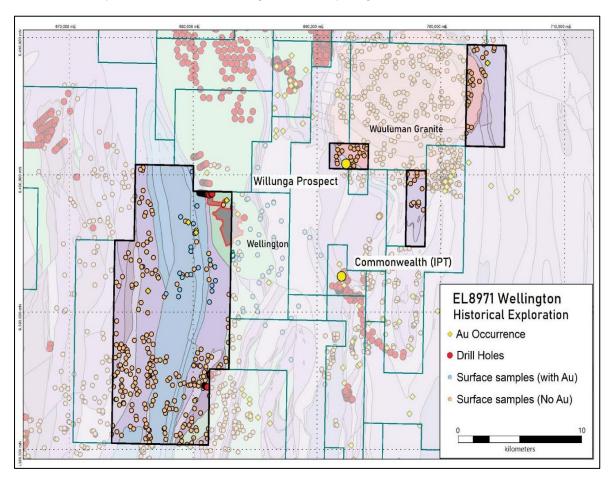


Figure 2:6 Wellington Project – geology and historical exploration

Source: Silver City ASX Announcement, 16 Apr 2020



2.3.3 Prospects

A desktop review is currently in progress on previous exploration data, focusing on assessing the Project for porphyry copper-gold deposits similar to the nearby Boda discovery.

Silver City has identified several prospects for follow up. One of the key targets is Wilunga Copper Prospect in the southwestern margin of the Carboniferous Wuuluman Granite. Placer undertook stream sediment sampling for Cu, Pb, Zn and Mo, soil sampling, gridding and mapping in 1967. The copper anomaly at Wilunga identified from soils recorded coherent copper mineralisation over 1.2kms and peak values of 2,000ppm copper. The area has seen limited gold assaying in historical soil sampling and requires follow up work (refer to Silver City Announcement, 16 Apr 2020).

The contact zone of the Carboniferous Wuuluman Granite represents a potential hydrothermal mineralisation target related to porphyry dykes. The Wellington Project has the potential to host porphyry copper-gold mineralisation and other styles of mineralisation, and that historical exploration was insufficient to test this potential.

Silver City plans to commence initial reconnaissance rock chip sampling, soil sampling, geological and an IP survey later in 2021.

2.4 Broken Hill Base Metal Project

The Broken Hill Project consists of eleven (11) exploration tenements located north and south of the town of Broken Hill. Large land holding of 176 Blocks (555.7km²) surrounding the World-class silver-lead-zinc deposit at Broken Hill (Figure 2:7).

2.4.1 Geology

The tenement area covers meta-sediments comprising rock units of the Thackaringa, Broken Hill and Sundown Groups that have undergone polyphase deformation and folding. The successions have undergone polyphase deformation and folding. The dominant structural features within the tenement area are the Stephens Creek and Limestone Shears, which strike across the tenement's easternmost block. These zones are characterised by retrograde shears, unfolded granitoids and schistose fabrics.

The Broken Hill deposit is predominantly sediment-hosted and located in the upper Broken Hill Group of the Willyama Supergroup. The Willyama Supergroup represents a 7 to 9km thick pile of sedimentary basin-fill with an uncertain amount of felsic volcanic component. Sedimentation in the Broken Hill Domain occurred between 1720 Ma and 1640Ma in the Curnamona Rift Basin.



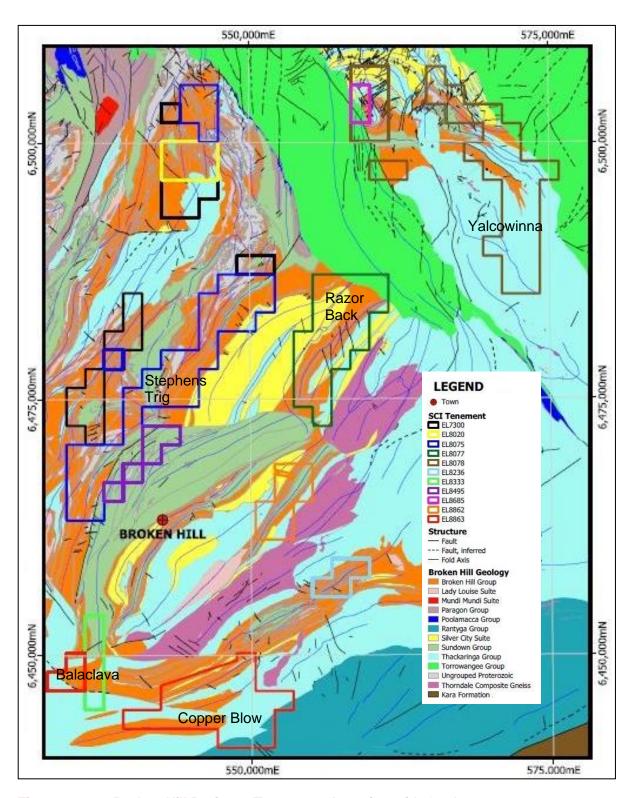


Figure 2:7 Broken Hill Project – Tenements Location with Geology Source: Silver City Internal Memo



2.4.2 Previous Exploration

The majority of previous exploration work has centred around the Copper Blow, Razorback and Yalcowinna Prospects.

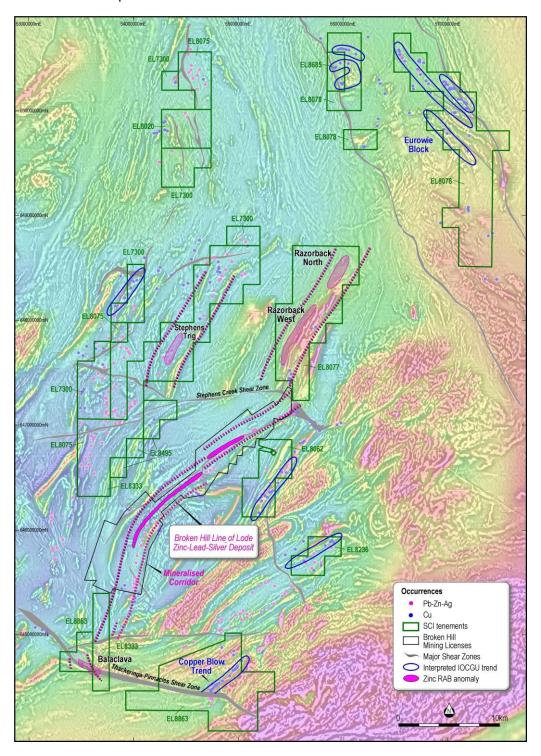


Figure 2:8 Broken Hill Project – Airborne magnetic image showing the core tenure of the Broken Hill Project showing the distribution of base metal occurrences and anomalies associated with the major shear zones

Source: Silver City ASX Announcement, 28 Jan 2021



2.4.2.1 Copper Blow Trend Prospect

The Copper Blow Trend is a copper, and magnetite mineralised system that occurs over 4km of strike with copper mineralisation under cover intersected by drilling over a strike length of 500m. Assessment of the mineralisation in detail indicates the geological and geochemical characteristics of an iron oxide copper-gold deposit (IOCG).

The Company has completed geochemical sampling, an induced polarisation (IP) geophysical survey and four rounds of drilling for approximately 8,000m defining a +200m vertical extent of copper mineralisation interpreted to be hosted within a shear of the structural zone.

Two significant copper-gold ore zones have been defined by drilling to date.

- North Zone: Wide zones of mineralisation occur at the North Zone, which plunges steeply northeast and remains open at depth beneath hole 18CB57 that intersected 31m at 1.0% Cu and 0.3 g/t Au from 270m.
- South Zone: Zone occurs as more narrow, higher grade mineralisation with a shallow plunge to the southwest and remains open at depth along strike beneath hole 17CB41 that intersected 4.0m at 6.1% Cu and 4.2 g/t Au from 188m.

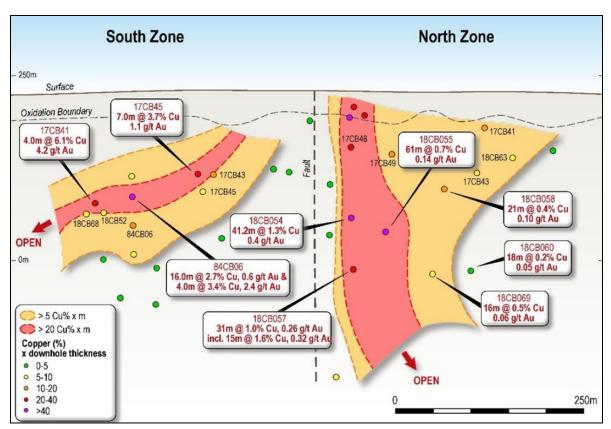


Figure 2:9 New long section looking northwest across the North Zone and South Zone on the Copper Blow Trend showing the distribution of copper and gold defined by drilling Source: Silver City ASX Announcement, 28 Jan 2021

Regional geophysical and geochemical surveys indicate the magnetic ironstone may be part of a much larger magnetite-sulphide mineralised IOCGU complex. While strong anomalies occur in



association with ironstones, other anomalies to the northeast and southeast of Copper Blow suggest potential for further sulphide mineralisation at depth.

More work is currently underway by Silver City including full suite assays to assess potential for REE and other metals associated with IOCGU style deposits. The company has also commenced a 3D review of the distribution of the various metals within the deposit. At the time of writing of this report, results of this work are pending.

2.4.3 Razorback Prospect

The Razorback Prospect is located to the north of the Broken Hill orebody (see Figure 2:1). The host rocks of Razorback West have been interpreted to be the fault offset extension of the Broken Hill mine sequence and, as such, are potentially prospective for Broken Hill style zinc lead silver mineralisation.

The Company has identified several potential targets based on coincident lead geochemistry, IP chargeability and gravity. This elongated lead anomaly beneath alluvial cover corresponding to a prospective horizon known as the Hores Gneiss. However, this remains untested by drilling.

2.4.4 Yalcowinna Prospect

The Yalcowinna Prospect contains extensive copper-cobalt mineralised gossans hosted within the Broken Hill and Thackaringa Group sequences in the Euriowie Block, approximately 25km east of Broken Hill (Figure 2:7).

The Company has identified the Yalcowinna Prospect as having potential similarities to the Big Hill and Pyrite Hill copper-cobalt deposits owned by Cobalt Blue Limited (ASX:COB), which are also hosted within albite gneiss of the Thackaringa Group metasediments.

Drilling at Yalcowinna has identified broad low-grade copper-cobalt mineralisation within albite gneisses potentially similar to the Pyrite Hill-Big Hill deposits.

More work is currently underway to assess potential for IOCGU style deposits. Work by Wolf Leyh in 2018 certainly indicates evidence for widespread gold associated with copper for various prospects however assays by previous explorers does not include other IOCGU-related metals. A geophysical review is currently underway. At the time of writing of this report, results of this work are pending.



2.5 Tallering Base Metal-Gold Project (ELA 59/2455)

The Tallering Project consists of an Exploration License Application ELA59/2455 (47 subblocks, 141 km²). The Wellington project is located approximately 400km north-northeast of Perth. Access is via State Route 123 (Geraldton to Mount Magnet) to Mullewa, followed by Mullewa-Carnavon Road to Nunierra. Access from Nunierra is via station tracks.

Silver City submitted an exploration license application on 13 Aug 2020 and is pending approval. Tallering Project is located in the northern Tallering Greenstone Belt in the Murchison Region of Western Australia.

2.5.1 Geology

The Tallering Project Area covers part of the southern margin of Archaean Tallering Greenstone Belt, located within the western portion of the Murchison Province of the Yilgarn Craton, Western Australia.

The Tallering Greenstone Belt succession includes felsic units associated with the Gabanintha Formation, which is host to significant volcanogenic massive sulphide mineralisation at Golden Grove located approximately 150km to the south of E59/2455. Historical exploration has confirmed the age of the Tallering Greenstone felsic units as 2.93Ga, equivalent to the units that host Golden Grove.

Supracrustal rocks within the belt trend east-northeast bounded by granite-gneiss terrain. The layered sequence includes variably foliated and metamorphosed mafic volcanic and intrusive rocks, felsic volcanic rocks as well as clastic and chemical sedimentary rocks. Post-tectonic granitic rocks have intruded the central-eastern part of the belt, and the entire area is cross-cut by numerous Proterozoic mafic dykes. Regional metamorphic grade within the belt varies from greenschist to lower amphibolite facies. Higher-grade metamorphosed rocks have been partially retrograded to greenschist facies (Watkins and Hickman, 1990).

Volcanogenic massive sulphide (VMS) style mineralisation is known from the Tallering Greenstone Belt on the southern limb, with significant base metal sulphide anomalism developed at several VMS prospects at Conquistador, A-Zone and Santy Well.

The Project covers a potential 28 km strike of the Gabanintha Formation that includes felsic volcanic rocks that host the Golden Grove VMS deposit. The Tallering Greenstone Belt occurs parallel and north of the Snake Well VMS trend with previous drilling intersections up to 15 m at 2.8 g/t Au, 0.2% Cu, 18 g/t Ag and 1.2% Zn (Kalamazoo Resources, ASX announcement 21 Jul 2017).



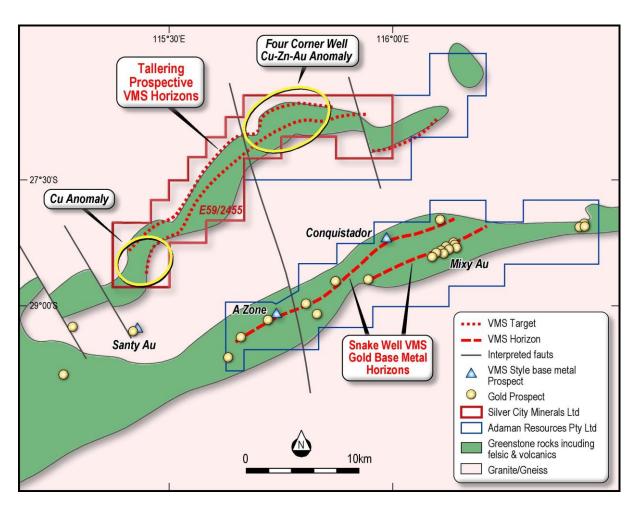


Figure 2:10 Simplified geology map showing the location of Tallering E59/2455 Project in relation to the base metal and gold occurrences and VMS horizons at Snake Well held by Adaman Resources

Source: Silver City ASX Announcement, 26 Aug 2020



2.5.2 Previous Exploration

The Tallering Project area has been sporadically explored since the 1970s. The majority of the tenure was explored for gold between 1982 and 1996, with base metal assaying restricted mainly to the historical end of hole RAB samples.

Exploration on the area of E59/2455 has included stream sediment sampling, laterite sampling and soil auger geochemistry (Figure 2:11). Exploration for iron ore on the tenement identified extensive iron stone outcrops, and soil sampling identified base metal anomalism of up to 338ppm Cu, which has not been followed up.

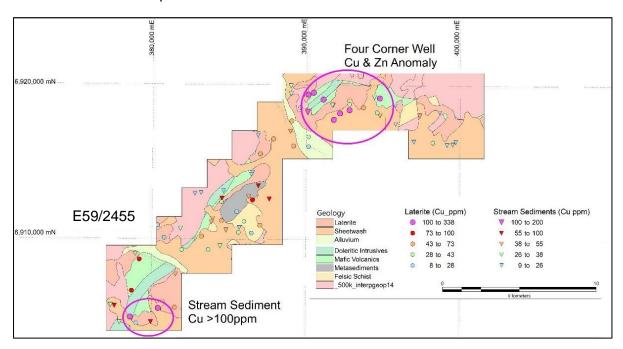


Figure 2:11 Tallering Project – Copper in Stream and Laterite Sampling Source: Silver City ASX Announcement, 26 Aug 2020

Soil auger exploration data in the Four Corner Well area has defined an anomalous area 1.5km by 2km with auger soil results exceeding 150ppm Cu, 125ppm Zn and sporadic Au up to 14ppb. This was interpreted to represent a potential VMS mineralising system, with the remaining strike of prospective stratigraphy yet to be fully explored (Figure 2:12).



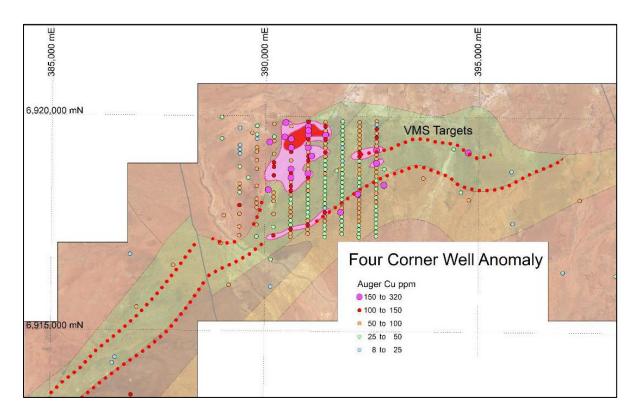


Figure 2:12 Tallering Project – Copper in Stream and Laterite Sampling Source: Silver City ASX Announcement, 26 Aug 2020

The Company commenced the process of compiling all available historical exploration data whilst progressing the tenement application. Once granted, the Company intends to undertake reconnaissance field work that will include appropriate surface geochemistry techniques to define and extend the existing historical anomalies and identify drill targets.



3 Gardner Mining's Austin Gold Project

Silver City has secured an agreement to acquire an 80% interest in the Austin Gold Project from Gardner Mining Pty Ltd. The Austin Gold Project comprises a large portfolio of a granted mining lease (M 21/154), one prospecting license (P 21/716) and three exploration licenses (E 21/201, E 58/543 and E 58/510), covering area of approximately 175 km².

3.1 Location

The Austin Gold Project is located 45 km north of Mt Magnet in the highly prospective Tuckabianna and Mt Magnet greenstone belts of the prolific Murchison gold mining district and is adjacent to Musgrave Minerals Limited (ASX:MGV) Cue Gold Project and Break of Day deposit.

The Austin Gold Project is centred around one granted mining license at Mt Sandy and surrounded by three larger granted exploration licenses and one small prospecting license (Figure 3:1).

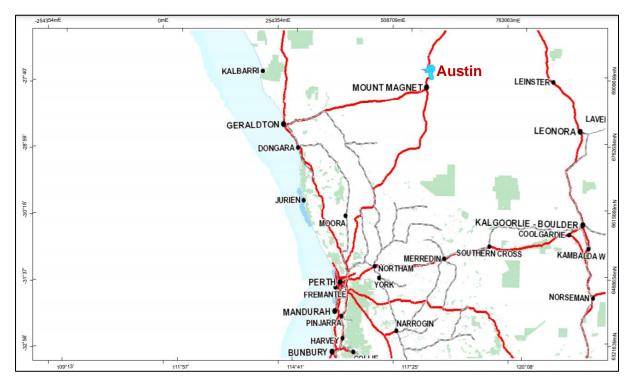


Figure 3:1 Location of Austin Project Source: WA GeoView

3.2 Tenement Status

The status of the tenements has been verified based on a recent independent inquiry of the Department of Mines, Industry Regulation and Safety, WA, Mineral Titles On-Line database (source: https://emits.dmp.wa.gov.au/emits/enquiry/home2.xhtml) by Mining Insights, pursuant to section 7.2 of the Valmin Code, 2015.



The tenements under review in this Report and the current status of the Exploration Permits are summarised in Table 3:1.

Table 3:1 Gardner Mining - Exploration Permit Schedule

Tenement	Holder	Grant Date	Expiry Date	Annual Rent (\$)	Blocks	Area (sq km)
E58/510	Gardner Mining Pty Ltd	31/05/2018	30/05/2023	6,188	26	78
E58/543	Gardner Mining Pty Ltd	1/07/2019	30/06/2024	423	3	9
E21/201	Gardner Mining Pty Ltd	13/08/2019	12/08/2024	4,371	31	93
M21/154	Gardner Mining Pty Ltd	20/01/2010	19/01/2031	9,760	488ha	5
P21/716	Gardner Mining Pty Ltd	8/04/2014	7/04/2022	30	8ha	0

Mining Insights is not aware of any outstanding matters that may affect the conduct of exploration on the tenements in a timely manner.

3.3 Geology

The project area covers a portion of the eastern margin of the Mt Magnet greenstone belt that trends north from Mt Magnet. A north-northeast trending mylonitised contact separates the volcano-sedimentary sequence from sheared granitic rocks in the southeast of the project area. This major structure continues south towards Mt Magnet and north-northeast towards the Tuckabianna gold camp.

The greenstone sequence metamorphic foliations and stratigraphy trend north-northeast, dip at a moderate to steep angle to the west and plunge at a shallow angle to the north.

Rock types recognised within the sequence were metadolerite, metabasalt, chloritic schist, chlorite-tremolite ultramafic, talc-carbonate ultramafic, chert, and BIF. Possible felsic to intermediate volcaniclastics is also present. Five sets of quartz veins were recognised within the sequence:

- "Buck quartz blows".
- Narrow (approximately 20cm wide) ferruginous quartz veins strike around 60° and dip steeply.
- Pale blue-grey quartz veining in the order of 1m thickness. They are associated with strong alteration, including sericite and fuchsite. They have moderate westerly dips and, in general, parallel the metamorphic foliation.
- An iron-stained 1.5 to 3m thick vein. It strikes 060° and dips at 70° to the west. It has been costeaned and tested by a single RC hole. By anecdote, rich eluvial gold was won from its vicinity.
- Minor ferruginous quartz veins are present parallel to and folded with, the volcanic sequence.

3.4 Previous Exploration

The Project has been privately held by various companies for over 20 years, with very little modern-day exploration programs conducted throughout the package. However, widespread alluvial and hard rock gold has been recovered near-surface exposures throughout the package by prospectors over many years. The previous exploration includes rock chip geochemical sampling and scout drilling.



3.5 Prospects

Based on the mapping, geochemical sampling and drilling, the following key prospects were identified on the Austin Project – Brunswick Hill, Brians, Mt Sandy, Lady Zena, Teds and Buccaneer (Figure 3:2).

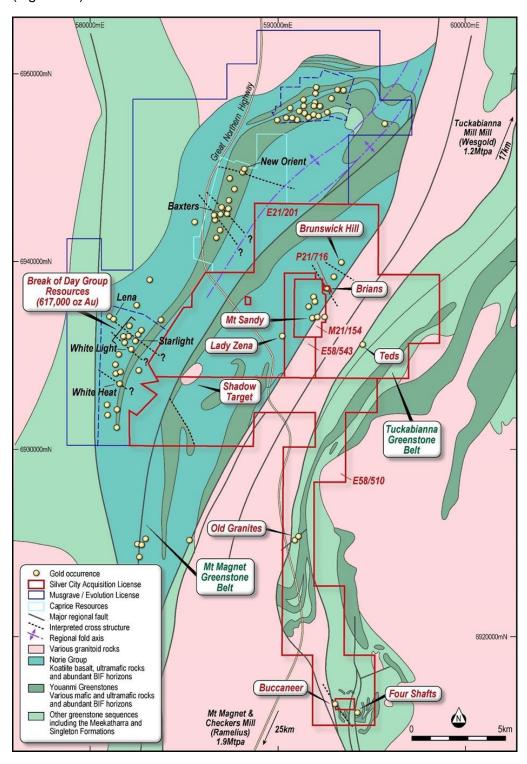


Figure 3:2 Austin Project – Geology and prospects

Source: Silver City ASX Announcement, 7 Apr 2021



3.5.1 Brunswick Hill

A total of 14 RC drill holes for 983m were completed at the Brunswick Hill prospect area by Consolidated Mining & Finance Limited in 19881 and Lake Austin Gold Mines NL in 1987. Highlights results include:

- 6m at 15.8 g/t Au from 36m in BGRC-031, including 2m at 43.0 g/t Au in pyrite-altered and quartz veined sheared basalt at the contact with banded iron formation (BIF); and
- 6m at 2.9 g/t Au from 44m in JWRCP-19, including 1m at 11.8 g/t Au in altered BIF with quartz veins and disseminated sulphide.

3.5.2 Brians

The Brians Prospect is characterised by a small historic pit around 5 m deep. A total of 6 very shallow drill holes for 194m were drilled by Gardner Mining Pty Ltd in May 2020 with a primary aim to identify small shallow, oxidised resources that may be mined from the surface. One RC drill hole located north of the pit (AUSRC20) returned 2m at 20.1g/t Au from 31m at the end of the hole.

Quartz veins with abundant visible gold (Figure 3:3) were observed by Silver City in the northern pit wall at Brians and were measured to strike northwest and dip to the northeast. Assays returned up to 1,109 g/t gold on the gold-rich gossanous quartz vein.



Figure 3:3 Recently polished gossanous quartz vein with avisible gold recently sampled by Silver City from the outcrop exposures in the north face of the Brians historic pit.

Source: Silver City ASX Announcement, 12 Apr 2021

A detailed compilation of the recent RC drilling and rock assays were reviewed in conjunction with the airborne magnetic imagery. Several important interpretations and implications for exploration at Austin have been identified by Silver City:

The narrow high-grade intersection identified in AUSRC20 is most likely related to high-grade veins observed and sampled (up to 1,109 g/t Au) in the Brians pit at surface.
 Outcropping high-grade veins and narrow high-grade gold in AUSRC20 are interpreted to be related to a northwest trending structure;



- Quartz veins with visible gold in the pit at *Brians* trend northwest and dip to the northeast which indicates that drilling by Gardner may not been conducted in the optimum orientation;
- The airborne magnetic image indicates a subtle flexure or offset in the highly magnetic banded iron formation (BIF) host rock intersected in the shallow RC holes (Figure 3:4);
- Another parallel northwest-trending structure has been interpreted from the airborne magnetic image located 200 m to the northeast that has never been drilled. This interpretation is characterised by a prominent "hook" shape observed in the magnetic image that indicates another significant offset and/or flexure in the host BIF (Figure 3:4);
- A high priority drill target is defined where the interpreted northwest trending structure intersects the BIF host rock.

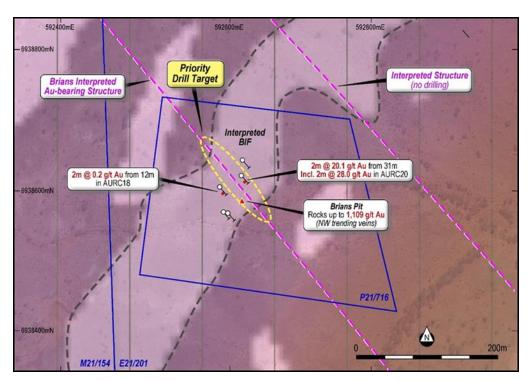


Figure 3:4 Airborne magnetic image (MRTPC) and air photograph (transparent) showing the recent drill results at the Brians Prospect as well as the recent rock chip results and other interpretation work

Source: Silver City ASX Announcement, 19 Apr 2021

3.5.3 Mt Sandy

The Mt Sandy area on the permitted mining lease M21/154 has extensive small scale historical alluvial mining over a large area of roughly 1.2km by 0.7km. A good outcrop is present on the hill of Mt Sandy. Several narrow, bedding parallel, 5-20cm thick white quartz veins exist updip from the adit hosted in BIF that dips moderately (~58°) toward the west (~277°). It should be noted that drill testing under the adit has never been conducted historically, and there are also no historic rock or trench samples in the area found on WAMEX.



A 20cm thick white quartz vein with minimal gossan was selectively sampled (ARK020) and returned an assay of 10.2 g/t gold by fire assay technique.

Another outcrop was observed by Silver City approximately 450m to the south-southwest along strike. A 10-20cm thick gossanous, glassy, quartz veins were observed in the field and sampled and returned an assay of 1.1 g/t gold by fire assay.

Shallow drilling by Continental Resource Management in 2007 was conducted 400m to the north and intersected a best intercept of 7m at 1.7 g/t Au from 21m, including 3m at 3.4 g/t Au in SC0603. These significant drill results have never been properly followed up.

3.5.4 Lady Zena

The Lady Zena area occurs 5 km along strike southwest from Mt Sandy. Silver City observed Gossanous quartz vein float samples close to the outcropping BIF outcrops. Two rock samples of the veins returned assays of 1.1 g/t gold.

3.5.5 Teds

The Teds prospect area occurs on a different geological trend on the Tuckabianna greenstone belt along strike from the Tuckabianna gold deposit held by Westgold Limited.

Gardner Mining Pty Ltd discovered at least three extremely rich pods of surface gold. Gardner recently identified Gardners Hole's prospect, and a bulk sample was taken from a costean that measured approximately 1.5m deep, 1.5m wide and 1.5m in length (i.e. 3.3 square metres to extract approximately 6 tonnes of material). The specimens of gold contained irregular gold nuggets and veins up to 3-4cm in length that occur associated with weathered smoky quartz veins (Figure 3:5).



Figure 3:5 Ted Prospect - specimens of outcropping gold within smoky vein quartz that were bulk sampled at Gardners Hole

Source: Silver City ASX Announcement, 7 Apr 2021



Recent bulk sampling at Gardner Hole by Silver City during the due diligence period returned a best assay of 57.1 g/t gold. The two other samples from the same costean returned 5.3 g/t and 2.9 g/t gold, respectively (SCI ASX Announcement 19 Apr 2021).

Widespread evidence for gold at Teds occurs over a considerable strike length of 1.4 km, along with a major BIF contact with potentially rich pods of high-grade gold.

3.5.6 Buccaneer

A series of historic gold working pits occur at the Buccaneer area located 18 km along strike to the south of Teds prospect also on the Tuckabianna greenstone belt (Figure 3.2). The main historic pit which extends to around 5m depth was recently inspected by Silver City geologists in the field. A prominent, highly gossanous fault zone and associated quartz veinlets was identified in the northwest face of the pit which was measured to be dipping moderately 62° toward the northeast (032° dip direction) which indicates a northwest strike to mineralisation. A one metre channel sample was taken across the mineralised zone and assays are pending. There is no evidence for drilling to follow up the mineralisation that appears in the pit.

3.6 Overview Potential of the Austin Project

The high-grade assay results by Silver City at Brians, Teds and Mt Sandy are encouraging for the prospectivity of the Austin Project and indicate potential drill targets. In particular, at Brians, the assays suggests that the gold mineralisation occurs associated with narrow northwest trending veins exposed in the pit in a similar orientation to the high-grade controlling structures to the exciting Starlight, White Light and White Heat discoveries by Musgrave Minerals on the adjoining license.

Gold sampling results and interpretation work particularly at Brian's indicates the critical northwest control to high-grade gold mineralisation on the project. This detailed work not only highlights a significant walk-up local drill target but also represents a detailed study area that has greatly helped to identify the key geological parameters that will greatly assist the regional exploration strategy on the Austin Project.

Further work, including soil sampling and airborne magnetic interpretation is currently underway in order to take full advantage of the geological model provided at Brians and identify further drill targets across the Austin Project.



4 Project Risks

Mineral exploration and development are high-risk undertakings. There can be no assurance that the exploration of acquired projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if a viable resource is identified, there is no guarantee that it can be economically exploited.

Mining Insights has identified a range of risk elements or risk factors that may affect the projects' future exploration and operational performance. The future exploration activities of the Company may be affected by a range of factors, including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

Some of the risk factors are entirely external and beyond the control of management. However, project-specific risks can be mitigated by taking the proper measures in advance. Key project risks that have been identified are discussed below.

4.1 Exploration Risk

The exploration risks associated with the Silver City projects are generic and common to most greenfield exploration projects, and in Mining Insights' opinion, they do not pose a significantly higher risk than any other early-stage exploration project.

4.2 Resources & Reserve Risk

No Mineral Resource has been reported within any of the tenements. Moving forward, it may be possible that further exploration, geological and metallurgical assessment may result in no mineral resource being delineated, which would have a material impact on the technical value of the concession.

No Ore Reserve has been defined at any of the tenements. Moving forward, it may be possible that further technical studies may not result in the development of Ore Reserve, which would have a material impact on the value of Silver City's projects.

4.3 Processing Risk

No mineral processing studies have been conducted so far. Moving forward, it may be possible that unfavourable results from further test work may jeopardise project viability.

4.4 Commodity Price Risk

The Company's ability to proceed with the development of its mineral projects and benefit from any future mining operations will depend on market factors, some of which may be beyond its control. It is anticipated that any revenues derived from mining will primarily be derived from the sale of gold and base metals, including copper, zinc and lead. Consequently, any future earnings are likely to be closely related to the price of these commodity and the terms of any off-take agreements that the Company enters into.



Gold and base metal prices are subject to significant fluctuations. Any significant decline in the prices of these or demand could materially and adversely affect the Company's business and financial condition results of operations and prospects.

4.5 Mine Infrastructure Associated Risk

A significant mine infrastructure facility, including power generation, needs to be developed before the commencement of mining activity. Alternatively, access to these facilities, including accommodation camp, processing plant and port, need to be negotiated with other companies in the vicinity.

4.6 Mining Approvals, Tenure, and Permits

While most of these projects has approved exploration permits, these projects will require mining permits and environmental approvals before the commencement of actual mining operations. Any delays in obtaining the required approvals may affect the production and the mine plan. This may likely cause the Project to overrun, which may significantly affect project capital and operating costs.

4.7 Environmental and Social Risks

Failure to comply with the environmental criteria or failure to maintain good relationships with the local community and neighbouring tenement holder may impact the Project.



5 Valuation

5.1 Valuation Discussion

In assessing the technical aspects relevant to this Valuation, Mining Insights has relied on information provided by Silver City, as well as information sourced from the public domain. All sources are appropriately referenced and listed in the bibliography.

5.2 Valuation Approaches

While the VALMIN Code (2015) states that the selection of the valuation approach and methodology is the responsibility of the Practitioner, where possible, Mining Insights considers a number of methods.

This approach aims to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

- 1. Income Approach;
- 2. Market Approach; and
- 3. Cost Approach.

The Income Approach is based on the principle of anticipation of benefits and includes all methods based on the income or cash flow generation potential of the Mineral Properties (VALMIN 2015). Valuation methods that follow this approach include Discounted Cash Flow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties transacted in an open market (VALMIN, 2015). Methods include Comparable Transactions, MTR and option or farm-in agreement terms analysis.

The Cost Approach is based on the principle of contribution to value (VALMIN, 2015). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the Mineral Properties.

The applicability of the various valuation approaches and methods varies depending on the stage of exploration or development of the property. Hence, the amount and quality of the information available on the mineral potential of the property. Table 5:1 presents the various valuation approaches for evaluating mineral properties at the various stages of exploration and development.



Table 5:1 Suggested valuation approaches according to Development status

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

The Market approach to valuation is generally accepted as the most suitable approach for the valuation of an Exploration or a Pre-Development Project.

An income-based method, such as a Discounted Cash Flow ("DCF") model, is commonly adopted for assessing the Value of Tenure containing a deposit where an Ore Reserve has been produced following appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012).

The use of cost-based methods, such as considering suitable multiples of exploration expenditure, is best suited to exploration properties before Mineral Resources are reliably estimated.

A summary of each of these methodologies is outlined in Appendix A of this Report. In general, these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market-derived data.

The "Market Value" is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the IVSC term of the same name. This has the same meaning as Fair Value in RG111. In the 2015 edition of the VALMIN Code, this was known as Fair Market Value.

The "Technical Value" is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

In summary, the various recognised valuation methods are designed to estimate the mineral asset or property value in each of the various categories of development. In some instances, a particular mineral asset or property or Project may comprise assets that logically fall under more than one of the previously discussed development categories.



5.3 Mining Insights' Valuation Techniques

In estimating the value of copper and uranium mineral assets as at the valuation date, Mining Insights has considered various valuation methods within the context of the VALMIN Code (2015).

When valuing an exploration project, the Practitioner is attempting to determine a value that reflects the potential of the Project to yield an Ore Reserve and Life of Mine Plan from which a future income stream may ultimately be derived. At the same time, the valuer must also be cognizant of what the Project is deemed to be worth by the market and actual transactions taking place to ensure that the value estimates are realistic. Arriving at the value estimate is somewhat complex as there is no single mineral asset valuation method appropriate for all circumstances.

The valuation method applied depends on the relative maturity of assessment for each asset and the amount of available data supporting the Project. In preparing its valuation of these projects, Mining Insights has considered the two main approaches (market and cost) and the available methodologies under each approach.

In Mining Insights' opinion, all projects covered in this Report are at an early exploration stage, and as discussed above, market comparative method and cost-based methods are generally used to value such type of projects. Therefore, Mining Insights has preferred to apply a combination of two methods to value each of the projects due to the uncertainties attached to its progress. The valuation methods applied include market-based "Comparable Transactions Method" and cost-based "Geo-scientific Rating Method".

The valuation is on a 100% asset basis, with an effective date being the date of the transaction announcement (7 Apr 2021).

5.4 Commodity Prices

5.4.1 Gold Prices

Gold has been used in jewellery and as a form of currency for thousands of years. However, in more recent history, there has been increasing demand for its use in electronics, dentistry, medicine and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe-haven investment during periods of economic uncertainty.

Historically, the price of gold is negatively correlated to the prices of other asset classes during times of uncertainty and financial crises. Due to the recent coronavirus outbreak sparking uncertainty, the price of gold has rallied from US\$1,250/oz in April 2016 to the peak of over US\$2,067/oz in August 2020 before dropping to the spot price of US\$1,750/oz at present (40% increase in 5 years) as investors demand the high liquidity that gold provides. The recent increase in the price of gold has positively impacted the gold industry and will continue to do so if economic uncertainty prevails (Figure 5:1).



The World Gold Council expects that the interplay between financial uncertainty, lower interest rates, weakening in global economic growth and gold price volatility will continue to drive gold demand.



Figure 5:1 Gold Prices – 5 years historical

Source: gold.org, April 2021

5.4.2 Copper Prices

The copper market is primarily driven by demand from the construction and automotive industries, and as such, is closely tied to broader macroeconomic trends.

The copper price had a bullish run in January 2020 after the US and China called a truce to their trade war with a "phase one" deal, and China was set to ramp up its infrastructure spending. However, the Covid-19 pandemic disrupted the market's upward trajectory in March 2020 as investors weighed the effect of the sharp drop in consumption during Covid-19 lockdowns.

The subsequent rebound in the equity markets and the rebound in industrial activity in the subsequent months, particularly in China, saw the copper prices nearing 5 year high. The copper price had increased from US\$2.25/lb in April 2016 to the spot price of US\$4.10/lb at present (82% increase in 5 years) (Figure 5:2).





Figure 5:2 Copper Prices – 5 years historical

Source: kitco.com, April 2021

5.5 Valuation based on Comparable Market Transaction Method

To determine the fair market value for the Silver City and Vendor projects, Mining Insights has reviewed recent market transactions for exploration assets involving the sale and purchase of tenements with potential for gold and/or copper mineralisation and without any delineated Mineral Resource in Australia.

To determine implied value relevant to the valuation date, Mining Insights has considered only those transactions which occurred within five years of the Silver City transaction.

Mining Insights has identified 84 transactions which can be considered relevant in assessing the fair market value of these Project. These market transactions are listed in Table 5:2.

Mining Insights has opted to normalise implied value based on the spot gold prices at the time of the transaction to the current spot price of \$2,274/oz (US\$1,740/oz and AUD:USD exchange rate of 0.7652:1) at the day of Silver City's announcement (7 Apr 2021).

In assessing a valuation factor for unit tenement size (square km), Mining Insights analysed these transactions and considered them suitable comparatives for the valuation of these projects. The transactions were analysed in terms of the implied purchase price and the tenement size at the time of the transaction.

The share prices at the time of the announcement of the transactions were considered, where shares formed a part of the consideration and the timing of deferred payments and exploration expenditure commitment, as set out in the initial agreements.



Table 5:2 Comparable Market Transactions: Gold - Base Metal Exploration Area without Mineral Resource

Date	Project	Buyer	Vendor	Equity (%)	Value 100% A\$'000	Area (km²)	Implied Value (A\$/km²)	Normalised Value** (A\$/km²)
Nov-20	Mt Zephyr & Darlot East	Darlot Mining Company Pty	Ardea Resources	60	2,500	830.5	3,010	2,633
Oct-20	Jillewarra Project	S2 Resources	Black Raven Mining	51	11,760	790	14,886	12,705
Oct-20	Tuckanarra Project	Odyssey Energy	Monument Mining	80	5,000	25	200,000	181,920
Oct-20	Ora Banda South	Carnavale Resources	Western Resources Pty	80	590	25	23,750	21,603
Sep-20	EL38/3302	Tigers Paw	Trigg Mining	100	120	293.9	408	349
Sep-20	Thunderstruck	Carawine Resources	Thunderstruck Investments	90	260	168.1	1,546	1,322
Sep-20	Reedy South Project	White Cliff Minerals	Investor Group	100	850	156	5,449	4,658
Sep-20	Porphyry Project	Pacific American	Salazar	35	2,290	114.8	19,955	17,060
Sep-20	Phantom tenements	Carawine Resources	Phantom Resources	100	230	1004.7	229	196
Jul-20	Meentheena & Coongan	Azure Minerals	Creasy Group	70	2,570	884	2,907	2,515
Jul-20	Gidgee Project	Gateway Mining	Golden Mile Resources	51	1,240	421.6	2,941	2,544
Jul-20	Biranup	New Energy Metals Ltd	VRX Silica Ltd	100	1,250	393	3,181	2,895
Jul-20	Pincunah and Jimblebar	Trek Metals	Australian Commercial	100	400	265	1,509	1,306
Jul-20	Yarri East	Black Cat Syndicate	Investor Group	100	200	210	952	824
Jul-20	Mt Magnet Project	Blaze International	Eastern Goldfields	100	1,250	147	8,503	7,356
Jul-20	Side Well Project	Great Boulder	Zebina	75	1,130	131.7	8,578	7,420
Jun-20	78 tenements	Novo Resources	Creasy Group	100	9,240	2232	4,140	3,747
Jun-20	Challa Project	Platina Resources	Investor Group	100	230	293	785	710
Jun-20	Pascalle and Gnama	Scandi Vanadium	Thomas Edward Langley	100	1,320	118	11,186	10,124
Jun-20	Koongulla Project	Boadicea Resources	Undisclosed	95	20	240	83	75
Apr-20	Jundee South	Avenira	Faurex	100	350	720	486	414
Apr-20	Wells Group	NTM Gold	Kingwest Resources	100	130	426	305	260
Apr-20	Polelle Project	Castle Minerals	Investor Group	100	1,010	144.5	6,990	5,959
Apr-20	Two tenements	Bulletin Resources	Encounter Resources	100	30	198	152	129
Mar-20	Crest tenements	DiscovEx Resources	Crest Investment Group	80	60	310	194	172



Date	Project	Buyer	Vendor	Equity (%)	Value 100% A\$'000	Area (km²)	Implied Value (A\$/km²)	Normalised Value** (A\$/km²)
Feb-20	Sandstone	Westar Resources Ltd	Rafaella Resources Ltd	100	150	259	579	581
Dec-19	Desdemona South	Genesis Minerals	Kin Mining	60	1,670	156	10,705	11,335
Dec-19	NWA Ni Sulphide	Dreadnought	Gianni Peter	100	1,100	146.4	7,515	7,958
Nov-19	Ebagoola South	Pacific Bauxite Ltd	Aurum Pacific Group	50	567	313	3,626	3,943
Nov-19	Edjudina Project	Syndicated Metals	Gateway Mining	80	310	226.3	1,370	1,446
Nov-19	Forrest	Westgold Resources Ltd	Fe Limited	20	2,000	219	45,662	49,768
Oct-19	Ravenswood	Ballymore Gold Pty Ltd	ActivEX Ltd	51	953	323	5,782	6,174
Oct-19	Macorna Bore	Gold Exploration Victoria Pty	Catalyst Metals Ltd	50	955	237	8,069	8,564
Oct-19	Credo Well	Dampier Gold Ltd	Torian Resources Ltd	25	1,884	17	443,374	465,906
Oct-19	Panther	Beacon Minerals Ltd	Corinthian Mining Pty Ltd	100	125	2	59,524	63,634
Sep-19	Vettersburg	Bardoc Gold Ltd	Private Seller	100	60	2	30,000	30,947
Jul-19	Perrinvale	Metal Tiger plc	Cobre Pty Ltd	15	3,333	382	58,173	66,275
Jun-19	Wild Horse	Freeport-McMoran	Terramin Australia Ltd	51	4,861	462	20,633	25,327
Jun-19	Horn Island	St Barbara Ltd	Alce Queen Ltd	70	4,953	309	22,906	28,119
Jun-19	Cox's Find	Great Southern Mining	Private Seller	100	927	3	370,909	455,302
May-19	Mount Venn	Woomera Mining Ltd	Cazaly Resources Ltd	80	2,740	390	8,783	11,021
May-19	Ned's Creek	Vango Mining Ltd	Lodestar Minerals Ltd	51	8,628	338	50,070	64,370
May-19	Bardoc	Bardoc Gold Ltd	Torian Resources Ltd	100	150	49	3,061	3,917
Apr-19	Currans Find	Rox Resources Ltd	Murchison Earthmoving Pty	90	333	4	102,881	134,233
Mar-19	Ulysses	Genesis Minerals Ltd	Private Seller	100	45	5	9,184	11,780
Mar-19	Tambina	First Au Ltd	West Wits Mining Ltd	35	762	1	2,176,966	2,758,226
Mar-19	Penny's Find	Orminex Ltd	Empire Resources Ltd	100	200	1	400,000	515,778
Jan-19	Nullarbor	Oz Minerals Ltd	Red Metal Ltd	51	24,307	542	87,936	113,241
Dec-18	Cannon	Southern Gold Ltd	Northern Star Resources Ltd	100	78	1	64,583	87,152
Aug-18	Pilbara	Pacton Gold Inc.	Arrow Minerals Ltd	49	4,147	609	13,897	19,778
Jul-18	Holleton	Ramelius Resources Ltd	Element 25 Ltd	100	1,000	384	2,604	3,709



Date	Project	Buyer	Vendor	Equity (%)	Value 100% A\$'000	Area (km²)	Implied Value (A\$/km²)	Normalised Value** (A\$/km²)
Jun-18	Lefroy	St Ives Gold Mining Pty Ltd	Lefroy Exploration Ltd	51	16,996	372	89,583	123,430
May-18	South Darlot	Kingwest Resources Ltd	Central Iron Ore Ltd	100	580	289	2,007	2,722
May-18	Mulwarrie	Spitfire Materials Ltd	Goldfield Argonaut Pty Ltd	49	2,184	2	2,475,820	3,361,431
Mar-18	Trojan	Aruma Resources Ltd	Westgold Resources Ltd	100	132	9	15,000	20,838
Mar-18	Nemesis	Pantoro Ltd	Private Seller	80	385	1	344,104	470,506
Feb-18	Queen Lapage	Riversgold Ltd	Alloy Resources Ltd	70	448	322	1,988	2,741
Feb-18	Mount Lucky	Forte Consolidated Ltd	Valleybrook Investments Pty	100	550	1	916,667	1,267,968
Jan-18	Wallbrook	Nexus Minerals Ltd	Saracen Mineral Holdings Ltd	100	142	24	5,825	8,148
Jan-18	Golden Lode	MinTails Ltd	Investor Group	100	600	12	51,282	71,469
Nov-17	Croydon Top Camp	Coziron Resources Ltd	Creasy Group Companies	70	1,829	317	8,241	11,518
Nov-17	Eastman	Peako Ltd	Sandrib Pty Ltd	Sandrib Pty Ltd 60		221	6,933	9,546
Nov-17	Fieldings Gully	Calidus Resources Ltd	Haoma Mining Ltd	100	2,113	12	171,748	241,822
Nov-17	Birthday Gift	Barra Resources Ltd	Kidman Resources Ltd	100	121	3	40,333	56,374
Sep-17	Yandal East	Overland Resources Ltd	Zabina Minerals Pty Ltd	75	1,030	327	4,195	5,896
Sep-17	Western Queen	Monax Mining Ltd	Ramelius Resources Ltd	60	2,889	10	491,374	690,569
Sep-17	Red Dog	Matsa Resources Ltd	Private Seller	100	125	1	156,250	223,496
Aug-17	Pilbara	De Grey Mining Ltd	Private Seller	30	3,081	226	45,442	65,414
Jun-17	Dumbleyung	Ausgold Ltd	Chalice Gold Mines Ltd	100	330	461	716	973
Jun-17	Mertondale	Kin Mining NL	Kazoo Nominees Pty Ltd	100	8	16	506	715
May-17	Jaurdi	Beacon Minerals Ltd	Flinders Exploration Ltd	100	580	6	101,754	143,722
Mar-17	Obelisk	Sipa Resources Ltd	Ming Gold Ltd	80	3,000	521	7,200	10,438
Jan-17	E57/681 & 1027	Empire Resources Ltd	Evolution Mining Ltd	91	500	68	8,100	11,853
Jan-17	Menzies	Intermin Resources Ltd	Private Seller	30	83	5	55,555	81,340
Dec-16	White Range	Teck Resources Ltd	Queensland Mining Corp	69.82	3,800	585	9,300	13,798
Dec-16	Red Tiger	Oz Minerals Ltd	Red Tiger Resources Ltd	51	4,000	423	18,542	27,301
Dec-16	Not Stated	Syndicated Metals Ltd	Undisclosed Seller	100	25	3	9,615	14,424



Date	Project	Buyer	Vendor	Equity (%)	Value 100% A\$'000	Area (km²)	Implied Value (A\$/km²)	Normalised Value** (A\$/km²)
Nov-16	Rover	Emmerson Resources Ltd	Adelaide Resources Ltd	51	2,000	286	13,697	19,613
Oct-16	Mainlode East	Primary Gold Ltd	Undisclosed Seller	100	39	1	35,636	50,472
Sep-16	West Musgrave	Chalice Gold Mines Ltd	Traka Resources Ltd	70	10,000	1006	14,200	19,329
Jul-16	Monument	Syndicated Metals Ltd	Monument Exploration Pty	100	250	210	1,190	1,567
Jun-16	Warrego North	Chalice Gold Mines Ltd	Meteoric Resources Ltd	51	400	75	10,397	13,830
May-16	Mount Gill & Howe	Gold Road Resources Ltd	Breaker Resources Ltd	100	50	221	226	316
May-16	Millennium	Hammer Metals Ltd	Chinalco Yunnan Copper Ltd	100	83	1	61,413	82,395

^{*} USD currency converted to AUD using the exchange rate at the day of the announcement

**Value normalised using AUD gold price at the day of the announcement

Source: ASX Company Announcements



Mining Insights considered 84 transactions within the past five years involving exploration licences prospective for gold and base metals in Australia. Details of the transactions are provided in Table 5:2. A summary of the analysis of these transactions is provided in Table 5:3.

Table 5:3 Analysis of Australian transactions of gold-copper focused tenements

	All transactions	Excluding outliers
Number of transactions	84	77
Minimum (A\$/km²)	75	316
Maximum (A\$/km²)	3,361,431	1,267,968
Mean (A\$/km²)	147,183	81,076
Median (A\$/km²)	11,649	11,853
Quartile 1	2,736	3,747
Quartile 3	64,631	64,370
Weighted average (A\$/km²)	16,516	17,838

From this analysis, Mining Insights exercised professional judgement in selecting a low, high and preferred valuation factor for each Project.

A summary of the Mining Insights' market-based valuation is presented in Table 5:4.

Table 5:4 Market-Based Valuation – Silver City and Gardner

Durings	Size	ize Market Value (\$/km²)				Va	Valuation (\$'000)			
Project	(km²)	Lower	Preferred	Higher	Grant Factor	Lower	Preferred	Higher		
Tindery	141	3,000	7,000	10,500	100%	423	987	1,481		
Wellington	213	3,000	7,000	10,500	100%	639	1,491	2,237		
Tallering	141	14,000	17,000	20,000	50%	987	1,199	1,410		
Broken Hill	528	5,000	9,000	13,000	100%	2,640	4,752	6,864		
Market Base	ed Valua	ition – Si	ver City Pro	jects (100%)		4,689	8,429	11,991		
Austin	185	25,000	30,000	35,000	100%	4,625	5,550	6,475		
Market Base	ed Valua	tion – Ga	100%)	4,625	5,550	6,475				

Mining Insights considers this to be an appropriate reflection of overall market appetite for gold-base metal exploration tenure of characteristics after considering the project profile based on location, geology, mineral prospectivity, tenement status (mining lease vs exploration lease) and other micro and macro-economic parameters (including market sentiment) which could affect the project viability and economics.

Applying the Market Comparable method, Mining Insights estimates the implied value for 100% interest in the Silver City's existing projects based on market comparable method resides within the range of \$4.69M to \$11.99M with a preferred value of \$8.43M. In comparison, the implied value for the 100% interest in Gardner Mining's Austin Project based on market comparable method resides within the range of \$4.63M to \$6.48M with a preferred value of \$5.55M.



5.6 Valuation based on Geoscientific Rating Method

Mining Insights has used the Geo-scientific Rating method as the second method to estimate the value of these tenements. The geo-scientific rating or modified Kilburn method of valuation attempts to quantify the relevant technical aspects of a property through the use of appropriate Multipliers (factors) applied to an appropriate base (or intrinsic) value. The intrinsic value is referred to as the Base Acquisition Cost (BAC) and is critical in that it forms the standard base from which to commence a valuation. It represents the "average cost to identify, apply for and retain a base unit of area of the title".

A BAC of A\$500 per square km for exploration licences, and A\$100/ha for mining licences and A\$40/ha for prospecting licences have been assigned for this valuation. Mining Insights has compared this BAC against the past year's actual expenditure and considers it reasonable.

Multipliers are considered for Off-property aspects, On-property aspects, Anomaly aspects, Geology aspects. These multipliers are applied sequentially to the BAC to estimate the Technical Value for each tenement.

A discount of 50% was applied to tenements under the application stage.

In converting its implied technical values to market value, Mining Insights considers that market participants would apply a premium of 25%. After considering the market conditions for copper, a market factor of 1.25x is applied to derive the Market Value.

The rating criteria used for assessing the modifying factors are provided in Table 5:5.

Table 5:5 Modified Property Rating Criteria

Rating	Off-Property Factor	On Property Factor	Geological Factor	Anomaly Factor	
0.1			Unfavourable geological setting	No mineralisation identified – area sterilised	
0.5	Unfavourable district/basin	Unfavourable area	Poor geological setting	Extensive previous exploration provided poor results	
0.9			Generally, favourable geological setting, undercover or complexly deformed or metamorphosed	Poor results to date	
1.0	No known mineralisation in the district	No known mineralisation on lease	Generally, favourable	No targets outlined	
1.5	Minor workings	Minor workings or mineralised zones exposed	geological setting	Target identified; initial indications positive	
2.0	Several old workings in district	Several old workings or	Multiple exploration models being applied simultaneously		



Rating	Off-Property Factor	On Property Factor	Geological Factor	Anomaly Factor
2.5		exploration targets identified	Well defined exploration model applied to new areas	Significant grade intercepts evident but not linked on a
3.0	Mine or abundant workings with	Mine or abundant workings with	Significant mineralised	cross or long sections
3.5	significant previous production	significant previous production	zones exposed in a prospective host rock	
4.0	Along strike from a major deposit	Major Mine with significant	Well understood exploration model, with valid targets in a structurally complex area, or undercover	Several economic grades intercept on adjacent sections
5.0	Along strike for a world-class deposit	historical production	Well understood exploration model, with valid targets in well- understood stratigraphy	
6.0			Advanced exploration model constrained by known and well-understood mineralisation	
10.0		World Class Mine		

Geo-scientific ratings and valuation based on a Geo-scientific Method for the tenements are provided in Table 5:6. These Geo-scientific ratings have considered the location, prospectivity and level of exploration work completed.



Table 5:6 Valuation – Geo-scientific Method

	BAC		Off Property		On property		Geology		maly	Tenement	Market	Valuation	on (\$'000)
Project (\$'000)	Low	High	Low	High	Low	High	Low	High	Grant Factor	Factor	Low	High	
Tindery	70.5	2	2.5	1.5	2	1.5	2.5	1.5	2	100%	125%	595	2,203
Wellington	106.5	2	2.5	1.25	1.8	1.5	2	1	1.5	100%	125%	499	1,747
Tallering	70.5	2	2.5	1.5	2.5	2.5	2	1.5	2	50%	125%	496	1,102
Broken Hill	264.0	2	2.5	1.75	2.5	1.75	2	1.5	1.75	100%	125%	3,032	7,219
	Valu	ation based	on Gec	-scientifi	c Metho	od – Silve	er City P	rojects	(100%)			4,622	12,271
Austin	139.1	2	2.5	2	3	2.5	3	2	2.5	100%	125%	3,478	9,782
	Valuation based on Geo-scientific Method – Gardner Mining Projects (100%)								3,478	9,782			



Applying the Geo-scientific method, Mining Insights estimates the implied value for 100% interest in the Silver City's existing projects based on the geo-scientific method resides within the range of \$4.62M to \$12.27M with a preferred value of \$8.45M (being the midpoint between high and low value). In comparison, the implied value for the 100% interest in Gardner Mining's Austin Project resides within the range of \$3.48M to \$9.78M with a preferred value of \$6.63M (being the midpoint between high and low value).

5.7 Previous Valuations

Mining Insights is not aware of any relevant valuation reports on the projects.

5.8 Valuation Summary

In forming its opinion of the reasonable value of the Silver City's and Gardner Mining's projects, Mining Insights has taken guidance from the comparable market transactions and Geoscientific Rating methods. In selecting its overall value range and preferred value, Mining Insights has placed equal weight on the values implied by these methods, with a preferred value being halfway between the low and high-value range. The summary of the valuation for the tenements (on a 100% basis) is shown in Table 5:7.

Table 5:7 Valuation (100% Basis)

Project	Value - N	larket Comparab (\$'000)	le Method	Value -	Geoscientific (\$'000)	Method	Selected Value (\$'000)		
	Lower	Preferred	Higher	Lower	Preferred	Higher	Lower	Preferred	Higher
Silver City (100%)	4,689	8,429	11,991	4,622	8,446	12,271	4,656	8,438	12,131
Gardner Mining (100%)	4,625	5,550	6,475	3,478	6,630	9,782	4,052	6,090	8,129

Based on Market Comparable and Geo-scientific Rating method, the valuation for Silver City's tenements (100% Basis) has been determined to be in the range of \$4.66M to \$12.13M with a preferred value of \$8.44M. In comparison, the valuation for Gardner Mining tenements (100% Basis) has been determined to be in the range of \$4.05M to \$8.13M with a preferred value of \$6.09M.

This valuation range is considered appropriate for the Project at this stage of development, reflecting the uncertainty and eventual extraction of a mineral resource.



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Silver City Minerals Ltd, Various ASX announcements, 2016 – 2021.

Silver City Minerals Ltd, Various Annual Exploration Reports, 2016 – 2021.



Appendix A – Valuation Approaches and Methods

To ensure compliance with the ASX's listing rules and Australian Corporations Act, this Report has been prepared in accordance with the VALMIN Code. Under the VALMIN Code, mineral assets are classified according to their maturity. A *mineral asset* includes all property held for the purpose of near term or eventual mineral extraction, including but not limited to:

- real property
- intellectual-property
- concessions, plant, equipment and associated infrastructure.

Most mineral assets can be classified as outlined in the table below.

Mineral asset classification

Project development stage	Criterion
Exploration areas	Mineralisation may or may not have been defined, but where a Mineral Resource has not been identified.
Advanced exploration areas	Considerable exploration has been undertaken and specific targets identified. Sufficient work has been completed on at least one prospect to provide a good geological understanding and encouragement that further work is likely to result in the determination of a Mineral Resource.
Pre-development / Resource	Mineral Resources and/or Ore Reserves have been identified estimated. A positive development decision has not been made. This includes properties where a development decision has been negative and properties are either on care and maintenance or held on retention titles.
Development	Committed to production but not yet commissioned or not initially operating at design levels.
Operating	Mineral properties, in particular mines and processing plants, which have been fully commissioned and are in production.

Source: VALMIN, 2015

Under the VALMIN Code, the *value* is the fair market value of a mineral asset (2015). Fair market value is the amount of money or the cash equivalent that a willing buyer and seller would exchange on the valuation date in an arm's length transaction (VALMIN, 2015). Each party is assumed to have acted knowledgeably and without compulsion. In essence, fair market value is comprised of:

- Underlying or 'technical value' a mineral asset's future economic benefit under a set of assumptions, excluding any premium or discount for the market, strategic, or other considerations
- Market component a premium relating to market, strategic or other considerations, which can be either positive, negative, or zero.

The market value should include all material information to the asset. For projects with extensive technical detail, the valuer determines the materiality of information based on whether its inclusion would result in the valuation reaching a different conclusion.



There is no single method of valuation which is appropriate for all situations. The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the mineral asset, and hence the amount and quality of the information available on the mineral potential of the assets. The table below presents the various valuation approaches for the valuation of mineral assets at the various stages of exploration and development.

Valuation approaches for different types of mineral assets

Approach	Project development stage				
	Exploration	Resource	Development	Operating	
Income	No	Rarely	Yes	Yes	
Cost	Yes	Rarely	No	No	
Market	Yes	Yes	Yes	Yes	

Source: VALMIN Code (2015)

Market-based approach

The market-based approach uses the transaction prices of projects in similar geographical, geopolitical, and geological environments to derive a market value using a process similar to that in the real estate industry. The market-based approach may use the assumption either of joint venture terms or outright acquisitions and can be presented in a range of unitised values including on a dollar per ounce or a tonne of contained metal/mineral; a dollar per square kilometre; or as a percentage of the prevailing commodity price.

In the Mining Insights' opinion, a market-based approach is well suited to establishing a likely value for mineral deposits and exploration projects, as it inherently takes into account all value drivers.

Related comparable transactions

Recent comparable transactions can be relevant to the valuation of projects and concessions. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable unless the transactions involve the specific parties, projects or concessions under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must be considered as there can be a substantial change in value with time.

Mining Insights has considered whether any comparable relevant transactions have taken place in recent years which can be used as a basis for estimation of the value of the mining assets assessed herein.

As no two mineral assets are the same, the Expert must be cognizant of the quality of the assets in the comparable transactions, with specific reference to:

- · the grade of the resource
- the metallurgical qualities of the resource
- location of the deposit (geopolitical risk associated with the location)
- the proximity to infrastructure such as an existing mill, roads, rail, power, water, skilled workforce, equipment, etc.
- likely operating and capital costs
- the amount of pre-strip (for open pits) or development (for underground mines) necessary



- the likely ore to waste ratio (for open pits)
- the size of the concession covering the mineral asset, and
- the overall confidence in the resource.

Alternative offers and joint venture terms

If discussions have been held with other parties and offers have been made on the project concessions under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project or spends exploration funds in order to earn interest, provide an indication of value.

Rules of thumb or yardsticks

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios are dollars per tonne of coal in resources, dollars per tonne of coal in reserves, and dollars per tonne of annual production. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the coal, the infrastructure to reach markets and the status of the tonnes estimates. Low cost of production tonnes is clearly worth more than high-cost tonnes. Where a project has the substantial future potential not yet reflected in the quoted resources or reserves a ratio towards the high end of the range may be justified.

Other Expert Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties, these opinions clearly need to be reviewed and to be taken into consideration.

Cost-based Approaches

Appraised Valuation or Multiple of exploration expenditure method (MEE)

Past expenditure or the amount spent on exploration of a concession is commonly used as a guide in determining the value of exploration concessions, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well-directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectively enhancement multiplier' (PEM), which commonly ranges from 0.5-3.0, is applied to the effective expenditure. The selection of the appropriate multiplier is a matter of experience and judgement.

To eliminate some of the subjectivity with respect to this method, Mining Insights applies a scale of PEM ranges as follows to the exploration expenditure:

Prospectively enhancement multipliers

PEM Range	Criteria
0.2 - 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation defined
0.5 - 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 - 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity



PEM Range	Criteria
1.3 - 1.5	Exploration has considerably enhanced the prospectivity (geological mapping, geochemical or geophysical activities)
1.5 - 2.0	Scout drilling (RAB, Aircore, RC) has identified economic drill intersections of mineralisation
2.0 – 2.5	Detailed drilling has defined prospects with a potential economic interest
2.5 - 3.0	A Mineral Resource has been estimated at Inferred JORC category
3.0 – 4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a Pre-feasibility Study
4.0 – 5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment

Source: Mining Insights

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties.

Geo-Scientific rating (or Kilburn method)

Geo-Scientific rating (or Kilburn method), is used to value early-stage exploration assets. This method is an attempt by the valuation expert to quantify the various technical aspects of a property through the use of multipliers which are applied to a base or intrinsic value (Goulevitch J & Eupene G S, 1994 and Kilburn, 1990). This intrinsic value is known as the base holding cost (BHC) which represents "the average cost to identify, apply for and retain a base unit of area of tenement title".

To derive a value for each property, the valuation expert considers four key attributes which either enhance or downgrade the BHC of each property. The technical factors considered are:

- the Off-property factor nearby properties containing physical indications of favourable mining conditions such as old workings and/or mines;
- the On-property factor the property being assessed hosts favourable mining indications such as historic workings or mines. Importantly any mineralisation capable of supporting a Mineral Resource estimate, compliant according to the guidelines of the JORC Code, will be assessed using other valuation methods;
- the Anomaly factor assesses the degree of exploration completed over the property and the number of resultant mineralised targets identified, and
- the Geological factor assesses the area covered by and degree of exposure of favourable rock types and/or structures (if this is related to the mineralisation style being assessed) within the property.

These attributes are given incremental, fractional or integer ratings to arrive at a series of multiplier factors. These multipliers are then applied sequentially to the BHC to estimate the Technical Value of each mineral property. This is adjusted for local market conditions to determine the Fair Market Value of the Project as at the effective valuation date. The strength of the geo-scientific method is that it makes an attempt to implement a systematic system. Whilst it does require a subjective assessment of the various multipliers, it also demands a degree of detached rigour to account for the key factors that can be reasonably considered to impact on the exploration potential of a property. Mining Insights' multipliers or ratings and the criteria for rating selection are summarised in the table below.



Geo-Scientific Rating Criteria

Rating	Off property Factor	On Property Factor	Anomaly Factor	Geological Factor	
0.1			No anomaly identified	Unfavourable geological setting	
0.5	Unfavourable district/basin	Unknown area	Extensive previous exploration provided poor results	Poor geological setting/ extensive cover	
0.9			Poor results to date	Generally, favourable geological setting, undercover or complexly deformed	
1	No known mineralisation in the district	No known mineralisation on lease	No targets outlined	Generally favourable	
1.5	Minor workings	Minor workings or mineralised zones exposed	Target identified, initial indications positive	geological setting	
2	Several old workings in district	Several old workings or exploration targets	Several well-defined targets supported by limited drill data	Multiple exploration models being applied simultaneously	
2.5	identified		Several well-defined targets with encouraging drill	Well defined exploration model applied to new areas	
3	Mine or abundant Mine or abundant		results		
3.5	workings with significant previous production	workings with the previous production	Significant grade intercepts evident but not linked on the cross or long section	Significant mineralised zones exposed in prospective host rocks	
4	Along strike from a major deposit			Well understood exploration model, with valid targets in the structurally complex area, or undercover	
5	Along strike of the	production	Marginal economic targets of significant size	Well understood exploration model, with valid targets in well-understood stratigraphy	
6	world-class deposit		Several significant ore grade correlate-able intersections Advanced model correlate which is a series of the correlate with the corrections in the correction of the correcti		
10		World-class mine		mineralisation	

(modified by Mining Insights)

SCHEDULE 1 - TERMS AND CONDITIONS OF INCENTIVE PERFORMANCE RIGHTS

The following is a summary of the key terms and conditions of the Incentive Performance Rights propose to be issued by the Company under the Incentive Plan:

(a) Plan Terms and Conditions

The Incentive Performance Rights (**Performance Rights**) will be subject to the terms and conditions of the Performance Rights Plan.

(b) Performance Milestones

The Performance Rights will convert to fully paid ordinary shares in the capital of the Company (**Shares**) upon the Company achieving the applicable Performance Milestones. The Performance Milestones and Expiry Dates for each class are set out in the table below:

Class	Number	Performance Milestone	Expiry Date
Class A	2,500,000	the Company achieving a Share price above \$0.05 at a volume weighted average price (VWAP) of the Company's Shares over 20 consecutive trading days, within 24 months from the date of issue, as verified by market information (Class A Milestone).	30 June 2024
Class B	2,500,000	the Company achieving a Share price above \$0.10 at a volume weighted average price (VWAP) of the Company's Shares over 20 consecutive trading days, within 24 months from the date of issue, as verified by market information (Class B Milestone).	30 June 2024
Total	5,000,000		

(c) Notification to holder

The Company shall notify the holder in writing when the relevant Performance Milestone has been satisfied.

(d) Conversion

Subject to paragraph (m), upon satisfaction of the applicable Performance Milestone, and the issue of the notice referred to in paragraph (b) above, each Performance Right will convert into one Share at the election of the holder.

(e) Lapse of a Performance Rights

Any Performance Right that has not been converted into a Share prior to the Expiry Date specified in paragraph (a) will automatically lapse.

(f) Share ranking

All Shares issued upon the conversion of Performance Rights on satisfaction of the applicable Performance Milestone will upon issue rank pari passu in all respects with other Shares.

(g) Application to ASX

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(h) Transfer of Performance Rights

The Performance Rights are not transferable.

(i) Participation in new issues

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(j) Reorganisation of capital

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(k) Adjustment for bonus issue

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the holder would have received if the holder had converted the Performance Right before the record date for the bonus issue.

(I) Dividend and Voting Rights

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(m) Change in Control

Subject to paragraph (m), upon:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
 - (A) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
 - (B) having been declared unconditional by the bidder; and
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Rights have not converted into Shares due to satisfaction of the Milestone, Performance Rights will accelerate vesting conditions and will automatically convert into Shares on a one-for-one basis.

(n) Deferral of conversion if resulting in a prohibited acquisition of Shares

If the conversion of a Performance Right would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and
- the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (q)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(o) No rights to return of capital

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(p) Rights on winding up

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.

(q) No other rights

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(r) Amendment for ASX Compliance

The board of the Company may, for the purposes of facilitating or seeking admission to the official list of the ASX, amend or add to all or any of the terms or conditions of the Performance Rights that remain on issue at that time such as to preserve the commercial intent of the Performance Rights but to also ensure that they comply with the requirements of the ASX Listing Rules, and any amendment may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.

SCHEDULE 2 - VALUATION OF INCENTIVE PERFORMANCE RIGHTS

The Incentive Performance Rights to be issued to the Related Parties pursuant to Resolutions 5 to 7 have been valued by internal management.

Using fair value of Silver City Mienrals Limited securities as at the date of valuation being 1 May 2021 and based on the assumptions set out below, the Incentive Performance Rights were ascribed the following value:

Item	Class A	Class B
Value of the underlying Shares	\$0.035	\$0.035
Valuation date	1 May 2021	1 May 2021
Commencement of performance/vesting period	1 May 2021	1 May 2021
Performance measurement/vesting date	1 May 2021	1 May 2021
Expiry date	30 June 2024	30 June 2024
Term of the Performance Right	3 years	3 years
Volatility (discount)	75%	50%
Risk-free interest rate	-	-
Total Value of Incentive Performance Rights		
- Mr Sonu Cheema (Resolution 5)	\$12,250	\$7,000
- Mr Thomas Pickett (Resolution 6)	\$12,250	\$7,000
- Mr Leo Horn (Resolution 7)	\$36,750	\$21,000

Note: The valuation noted above is not necessarily the market price that the Incentive Performance Rights could be traded at and is not automatically the market price for taxation purposes.

SCHEDULE 3 - TERMS AND CONDITIONS OF INCENTIVE PLAN

The material terms and conditions of the Incentive Plan (Plan) are as follows:

(a) Eligibility

Participants in the Plan may be:

- (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a Group Company);
- (ii) a full or part time employee of any Group Company;
- (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (Class Order); or
- (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above, who is declared by the Board to be eligible to receive grants of Options or Performance Rights (Awards) under the Plan (Eligible Participant).

(b) Offer

The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines.

(c) Plan limit

The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

(d) Issue price

Performance Rights granted under the Plan will be issued for nil cash consideration. **Unless** the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration.

(e) Exercise price

The Board may determine the Option exercise price (if any) for an Option offered under that Offer in its absolute discretion. To the extent the Listing Rules specify or require a minimum price, the Option exercise price must not be less than any minimum price specified in the Listing Rules.

(f) Vesting conditions

An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (**Vesting Conditions**).

(g) Vesting

The Board may in its absolute discretion by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under **the** Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (Relevant Person)), resolve to waive any of the Vesting Conditions applying to Awards due to:

- (i) special circumstances arising in relation to a Relevant Person in respect of those Awards, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant, (Special Circumstances), or
- (ii) a change of control occurring; or
- (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

(h) Lapse of an Award

An Award will lapse upon the earlier to occur of:

- (i) an unauthorised dealing, or hedging of, the Award occurring;
- (ii) a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (g) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iii) in respect of unvested Awards only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (g) or the Board

resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;

- (iv) in respect of vested Awards only, a Relevant Person ceases to be an Eligible Participant and the Award granted in respect of that Relevant Person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
- (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
- (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Award; and
- (vii) the expiry date of the Award.

(i) Not transferrable

Subject to the Listing Rules, Awards are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.

(j) Shares

Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (k)) from the date of issue, rank on equal terms with all other Shares on issue.

(k) Sale restrictions

The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Awards (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.

(I) Quotation of Shares

If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 5 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.

(m) No participation rights

There are no participation rights or entitlements inherent in the Awards and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.

(n) Change in exercise price of number of underlying securities

An Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.

- (o) **Reorganisation**: If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.
- (p) Amendments: Subject to express restrictions set out in the Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Award granted under the Plan including giving any amendment retrospective effect.

SCHEDULE 4 - TERMS AND CONDITIONS OF INCENTIVE OPTIONS (CLASS A AND CLASS B)

(a) **Entitlement**:

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (j), the amount payable upon exercise of each Option will be:

- (i) for the Class A Options: \$0.05; and
- (ii) for the Class B Options: \$0.10,

(each an Exercise Price).

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on:

- (i) For the Class A Options: 30 June 2023; and
- (ii) For the Class B Options: 30 June 2024,

(each an **Expiry Date**).

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

Subject to the relevant Vesting Conditions being achieved, the Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

(e) Vesting Condition

The Options will vest upon satisfaction of the following vesting conditions, or where, despite vesting conditions not being satisfied, the Board (in its absolute discretion) resolves that unvested Options have vested:

- (i) Class A Options: the Class A Options will vest on the date that is 12 months from the date the holder was appointed as an officer of the Company.
- (ii) Class B Options: the Class B Options will vest on the date that is 24 months from the date the holder was appointed as an officer of the Company.

(f) Notice of Exercise

Subject to the relevant Vesting Conditions being achieved, the Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) Timing of issue of Shares on exercise

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(I) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 5 - VALUATION OF INCENTIVE OPTIONS

The Incentive Options to be issued to the Related Parties pursuant to Resolutions 8 to 10 have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Incentive Options were ascribed the following value:

Assumptions:	Class A	Class B
Valuation date	1 May 2021	1 May 2021
Market price of Shares	\$0.035 cents	\$0.035 cents
Exercise price	5 cents	10 cents
Expiry date (length of time from issue)	30 June 2023	30 June 2024
Risk free interest rate	0.26%	0.26%
Volatility (discount)	80%	80%
Indicative value per Incentive Option	\$0.0121 cents	\$0.0098 cents
Total Value of Incentive Options		
- Mr Sonu Cheema (Resolution 8)	\$6,070	\$4,905
- Mr Thomas Pickett (Resolution 9)	\$6,070	\$4,905
- Mr Leo Horn (Resolution 10)	\$18,210	\$14,715

Note: The valuation noted above is not necessarily the market price that the Incentive Options could be traded at and is not automatically the market price for taxation purposes.



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 9:00am AWST on Saturday 3 July 2021

■ TO VOTE ONLINE

STEP 1: VISIT https://www.votingonline.com.au/scigm21

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 9:00am AWST on Saturday 3 July 2021. 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/ scigm21

■ By Fax + 61 2 9290 9655

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 30	9	

			This is your address as it ap If this is incorrect, please m correction in the space to the broker should advise their becausing this form.	nark the box wine left. Security broker of any ch	ith an "X" an rholders spor nanges.	nd make the nsored by a
		PROXY FORM				
STEP 1	APPOINT A PROXY					
	ember/s of Silver City Minerals Limited (Company) and	d entitled to attend and vote hereby a	ppoint:			
	the Chair of the Meeting (mark box)					
	IOT appointing the Chair of the Meeting as your proxy, our proxy below	please write the name of the person	or body corporate (excluding the	ne registered se	ecurityholde	r) you are
,						
to be held at th	ividual or body corporate named, or if no individual or bog e Suite 9, 330 Churchill Avenue, Subiaco WA 6008 9 ccordance with the following directions or if no directions	:00am AWST on Monday 5 July 202	21 and at any adjournment of t			
The Chair of th	e 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 be counted in calculating the required majority if a poll		n your behalf on a show of hand	ds or on a poll a	and your vote	e will not
				For	Against	Abstain*
Resolution 1	Approval of Issue of Securities to Gardner Mining					
Resolution 2	Ratification of Prior Issue of Shares – T1 Placement					
Resolution 3	Issue of Shares to Related Party – T2 Placement Partic	cipation – Sonu Cheema				
Resolution 4	Issue of Shares to Related Party – T2 Placement Partic	cipation – Leo Horn				
Resolution 5	Issue of Incentive Performance Rights to Director – So	nu Cheema				
Resolution 6	Issue of Incentive Performance Rights to Director – The	omas Pickett				
Resolution 7	Issue of Incentive Performance Rights to Director – Lea	o Horn				
Resolution 8	Issue of Incentive Options to Direct – Sonu Cheema					
Resolution 9	Issue of Incentive Options to Direct – Thomas Pickett					
Resolution 10	Issue of Incentive Options to Direct – Leo Hom					
STEP 3	SIGNATURE OF SECURITYHOLDERS This form must be signed to enable your directions to be					
Ind	vidual or Shareholder 1	Shareholder 2		Shareholde	er 3	
Sole Direct	or and Sole Company Secretary	Director	Dire	ector / Company	/ Secretary	
Contact Name	Contact	Daytime Telephone		Date	1	/ 2021

Your Address