



SILVER CITY MINERALS LIMITED

ABN 68 130 933 309

31 DECEMBER 2014
HALF YEAR FINANCIAL REPORT

Silver City Minerals - Exploring the Past for the Future

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Directors' Report

Your directors submit their report for Silver City Minerals Limited for the half year ended 31 December 2014.

Directors

The names of the Company's Directors in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Robert Besley Non-Executive Chairman

Chris Torrey Managing Director

Greg Jones Non-Executive Director

Ian Plimer Non-Executive Director

Ian Hume Non-Executive Director

Yanina Barila (Alternate to Ian Hume)

Review and results of operations

Silver City Minerals Limited undertook exploration programs including drilling at its Sellheim and Broken Hill projects.

In New Zealand access agreements and work permits were finalised. Work commenced in New Zealand early in February 2015.

Disappointing results from Sellheim led to the decision by the Board to withdraw from the project with no equity position earned.

At Broken Hill a major internal study of Broken Hill type mineralising systems was completed and new targets outlined. Geophysical surveys as follow-up to this study commenced early in February 2015.

Financial results for the half year

The net loss after income tax expense for the half year to 31 December 2014 amounted to \$4,410,867 (2013: loss \$133,208).

Principal activities

The principal activity of the Company is exploration for the discovery and delineation of high grade base and precious metal deposits with a focus on the Broken Hill block of NSW and the development of those resources into economic, cash flow generating businesses.

Dividends

No dividends were paid or proposed during the period.

Significant events after the balance date

There were, at the date of this report, no matters or circumstances which have arisen since 31 December 2014 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration to the Directors as required under section 307C of the Corporations Act 2001 is set out on page 13.

Signed at Sydney this 10th day of March 2015 in accordance with a resolution of the directors.



Bob Besley
Chairman



Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2014

	Note	31 Dec 2014 \$	31 Dec 2013 \$
Revenue	4	92,552	501,897
ASX and ASIC fees		(19,148)	(25,290)
Audit fees		(11,000)	(12,000)
Contract administration services		(85,555)	(59,506)
Employee costs (net of costs recharged to exploration projects)		(144,831)	(147,806)
Exploration expenditure expensed		(4,042,552)	(249,070)
Insurance		(9,285)	(9,850)
Marketing and conference cost		(15,135)	(19,073)
Rent		(15,888)	(15,888)
Share based payments		(100,290)	(26,220)
Travel and accommodation		(9,400)	(10,992)
Other expenses from ordinary activities		(50,335)	(59,410)
Loss before income tax expense		(4,410,867)	(133,208)
Income tax expense		-	-
Loss after income tax expense		(4,410,867)	(133,208)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		-	-
Total comprehensive loss attributable to members of Silver City Minerals Limited		(4,410,867)	(133,208)
Earnings per share			
Basic (loss) per share (cents per share)	10	(3.79)	(0.14)
Diluted (loss) per share (cents per share)	10	(3.79)	(0.14)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

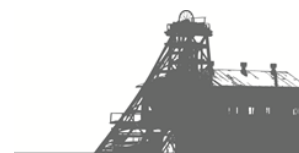


Consolidated Statement of Financial Position

As at 31 December 2014

	Note	31 Dec 2014 \$	30 Jun 2014 \$
Current assets			
Cash assets	5	2,762,857	3,788,059
Receivables		95,243	73,663
Tenement security deposits	7	10,000	10,000
Total current assets		2,868,100	3,871,722
Non-current assets			
Receivables		4,740	4,740
Tenement security deposits	7	130,000	212,800
Property, plant and equipment		72,656	92,171
Deferred exploration and evaluation expenditure	6	4,190,951	7,449,657
Total non-current assets		4,398,347	7,759,368
Total assets		7,266,447	11,631,090
Current liabilities			
Payables		82,802	155,507
Provisions		53,046	44,231
Total current liabilities		135,848	199,738
Non-current liabilities			
Provisions		42,951	36,453
Total non-current liabilities		42,951	36,453
Total liabilities		178,799	236,191
Net assets		7,087,648	11,394,899
Equity			
Contributed equity	8	13,773,496	14,065,169
Accumulated losses		(6,891,492)	(3,599,638)
Reserves	9	205,644	929,368
Total equity		7,087,648	11,394,899

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

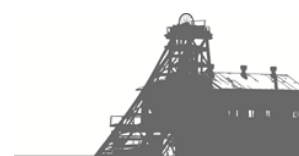


Consolidated Statement of Changes in Equity

For the half year ended 31 December 2014

	Note	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
At 1 July 2013		12,799,234	(3,073,616)	903,740	10,629,358
Loss for the period		-	(133,208)	-	(133,208)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	(133,208)	-	(133,208)
Transactions with owners in their capacity as owners:					
Issue of equity, net of transaction	8	-	-	-	-
Cost of share based payments taken directly to equity	9	-	-	26,220	26,220
Expired options value	8	(4,100)	-	-	(4,100)
At 31 December 2013		12,795,134	(3,206,824)	929,960	10,518,270
At 1 July 2014		14,065,169	(3,599,638)	929,368	11,394,899
Loss for the period		-	(4,410,867)	-	(4,410,867)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	(4,410,867)	-	(4,410,867)
Transactions with owners in their capacity as owners:					
Issue of equity, net of transaction	8	-	-	-	-
Cost of share based payments taken directly to equity	9	-	-	100,290	100,290
Expired option value transferred to accumulated losses		(291,673)	1,119,013	(827,340)	-
Foreign currency translation		-	-	3,326	3,326
At 31 December 2014		13,773,496	(6,891,492)	205,644	7,087,648

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

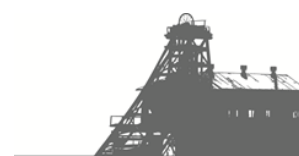


Consolidated Statement of Cash Flows

For the half year ended 31 December 2014

	Note	31 Dec 2014 \$	31 Dec 2013 \$
Cash flows from operating activities			
Payment to suppliers and employees		(355,584)	(318,869)
R&D tax concession offset		-	850,184
JV income		9,886	-
Interest received		53,449	65,490
Net cash flows from/(used in) operating activities		(292,249)	596,805
Cash flows from investing activities			
Purchase of motor vehicle and fixed assets		(20,350)	-
Expenditure on mining interests (exploration)		(722,949)	(985,751)
Tenement security deposits		10,000	(20,000)
Net cash flows (used in) investing activities		(733,299)	(1,005,751)
Cash flows from financing activities			
Proceeds from issue of equity		-	-
Equity raising expenses		-	-
Net cash flows from financing activities		-	-
Net increase (decrease) in cash held		(1,025,548)	(408,946)
Net foreign exchange differences		346	-
Add opening cash brought forward		3,788,059	4,255,177
Closing cash carried forward	5	2,762,857	3,846,231

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



Notes to the Consolidated Financial Statements

For the half year ended 31 December 2014

1. Corporate information

The financial report of Silver City Minerals Limited (the Company) for the half year ended 31 December 2014 was authorised for issue in accordance with a resolution of the Directors on 10 March 2015. Silver City Minerals Limited (the parent) is a company incorporated in Australia and Limited by shares which are publicly traded on the Australian Securities Exchange using the ASX code SCI.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Summary of significant accounting policies

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half year financial report should be read in conjunction with the Annual Financial Report of SCI as at 30 June 2014.

It is also recommended that the half year financial report be considered together with any public announcements made by SCI during the half year ended 31 December 2014 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of preparation

The half year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements. The half year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete report period.

Significant accounting policies

The half year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2014.

Management has reviewed and assessed the new accounting standards effective 1 July 2014 and these have been deemed to be not applicable to the Group.

Fair value measurement

The carrying amounts of the Group's assets and liabilities are a reasonable approximation of their fair values. The only exception to this is the carrying amount of deferred exploration and evaluation expenditure which is estimated to be not in excess of its fair value.

Basis of consolidation

The half year consolidated financial statements comprise the financial statements of Silver City Minerals Limited and its subsidiaries (the Group). The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. The subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.



Notes to the Consolidated Financial Statements

For the half year ended 31 December 2014

3. Segment information

The operating segments identified by management are as follows:

Exploration projects funded directly by Silver City Minerals Limited ("Exploration")

Regarding the Exploration segment, the Chief Operating Decision Maker (the Board of directors) receives information on the exploration expenditure incurred. This information is disclosed in Note 6 of this financial report. No segment revenues are disclosed as each exploration tenement is not at a stage where revenues have been earned. Furthermore, no segment costs are disclosed as all segment expenditure is capitalised, with the exception of expenditure written off which is disclosed in Note 6.

Financial information about each of these tenements is reported to the Managing Director on an ongoing basis.

Corporate office activities are not allocated to operating segments as they are not considered part of the core operations of any segment and comprise of the following:

- ▶ Interest revenue
- ▶ Corporate costs
- ▶ Depreciation and amortisation of non-project specific property, plant and equipment

The Group's accounting policy for reporting segments is consistent with that disclosed in Note 2.

4. Revenue

	31 Dec 2014	31 Dec 2013
	\$	\$
Interest received	56,601	82,685
JV income	35,951	-
R&D tax concession offset	-	419,212
	92,552	501,897

5. Cash and cash equivalents

	31 Dec 2014	30 Jun 2014
	\$	\$
Cash at bank	413,712	383,809
Money market securities – bank deposits	2,349,145	3,404,250
	2,762,857	3,788,059

6. Deferred exploration and evaluation expenditure

	31 Dec 2014	30 Jun 2014
	\$	\$
Costs brought forward	7,449,657	5,783,658
Costs incurred during the period	783,846	2,031,794
Cost of options expired for purchase of tenements	-	(4,100)
Expenditure written off during the period	(4,042,552)	(361,695)
Costs carried forward	4,190,951	7,449,657



Notes to the Consolidated Financial Statements

For the half year ended 31 December 2014

7. Contingent assets and liabilities

The Group has provided guarantees totalling \$140,000 (30 June 2014: \$222,800) in respect of exploration tenements. These guarantees in respect of mining tenements are secured against deposits with various banking institutions. The Group does not expect to incur any material liability in respect of the guarantees.

8. Contributed equity

Share capital

116,300,601 fully paid ordinary shares
(30 Jun 14: 116,300,601)

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Listed options

Nil options (30 Jun 14: 29,167,263)

Share issue costs

	31 Dec 2014 \$	30 Jun 2014 \$
116,300,601 fully paid ordinary shares (30 Jun 14: 116,300,601)	14,686,700	14,686,700
Fully paid ordinary shares carry one vote per share and carry the right to dividends.		
Listed options Nil options (30 Jun 14: 29,167,263)	-	291,673
Share issue costs	(913,204)	(913,204)
	13,773,496	14,065,169

Movements in ordinary shares on issue

At 31 December 2013

Shares issued

At 30 June 2014

At 31 December 2014

(i)

	Number	\$
At 31 December 2013	98,030,228	13,389,500
Shares issued	18,270,373	1,297,200
At 30 June 2014	116,300,601	14,686,700
At 31 December 2014	116,300,601	14,686,700

- (i) In March 2014, 5,911,268 shares were issued at \$0.071 per share under a placement. In April 2014, 12,359,105 shares were issued at \$0.071 per share pursuant to a Share Purchase Plan.

Movements in options on issue

At 31 December 2013

At 30 June 2014

Expiry of options

At 31 December 2014

(i)

	Number	\$
At 31 December 2013	29,167,263	291,673
At 30 June 2014	29,167,263	291,673
Expiry of options	(29,167,263)	(291,673)
At 31 December 2014	-	-

- (i) On 19 December 2014, 29,167,263 listed options exercisable at \$0.25 expired.

An additional 13,500,000 options are on issue under Share based payments (Note: 9).

Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Options

- Options do not carry voting rights or rights to dividend until options are exercised.



Notes to the Consolidated Financial Statements

For the half year ended 31 December 2014

9. Reserves

Share based payments

Movements in share based payments

At 31 December 2013

Options issued

At 30 June 2014

Options issued

Options issued

Options issued

Options expired

At 31 December 2014

	Number	\$
At 31 December 2013	13,200,000	929,960
Options issued	-	-
At 30 June 2014	13,200,000	929,960
Options issued (i)	1,500,000	26,790
Options issued (ii)	6,000,000	63,000
Options issued (iii)	1,000,000	10,500
Options expired (iv)	(8,200,000)	(827,340)
At 31 December 2014	13,500,000	202,910

- (i) 1,500,000 options were issued to employees under the Company's ESOP. The options were issued with an exercise price of \$0.10 and expiry date of 12 August 2017.
- (ii) 6,000,000 options were issued to the Directors of the Company and approved by shareholders at the Company's AGM held in November 2014. The options were issued with an exercise price of \$0.10 and expiry date of 2 December 2017.
- (iii) 1,000,000 options were issued to an employee under the Company's ESOP. The options were issued with an exercise price of \$0.10 and expiry date of 2 December 2017.
- (iv) 8,200,000 options expired during the period ended 31 December 2014.

Foreign currency translation reserve

An additional amount of \$2,734 (30 June 2014: (\$592)) is in a Foreign Currency Translation Reserve.

10. Earnings per share

	31 Dec 2014	31 Dec 2013
	Cents per share	Cents per share
Basic earnings (loss) per share	(3.79)	(0.14)
Diluted earnings (loss) per share	(3.79)	(0.14)
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	116,300,601	98,030,228
	\$	\$
Earnings (loss) used in calculating basic and diluted EPS	(4,410,867)	(133,208)

11. Events after the balance sheet date

There were, at the date of this report, no matters or circumstances which have arisen since 31 December 2014 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.



Directors' Declaration

In accordance with a resolution of the directors of Silver City Minerals Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Group's financial position as at 31 December 2014 and the performance for the half year ended on that date; and
 - (ii) Complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Bob Besley
Chairman

Sydney, 10 March 2015



Auditor's Independent Review Report



Independent Auditor's Review Report

To the members of Silver City Minerals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Silver City Minerals Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Silver City Minerals Limited (the company) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Silver City Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

partners

A J Dowell CA
M Galouzis CA
A N Fraser CA
G W Cliffe CA
B Kolevski CPA (Affiliate ICAA)

associate

M A Nakkan CA

consultant

C H Barnes FCA

north sydney office

Level 13, 122 Arthur St
North Sydney NSW 2060

manly office

Level 5, 22 Central Ave
Manly National Building
Manly NSW 2095

all correspondence

PO Box 1664
North Sydney NSW 2059

t 02 9956 8500

f 02 9929 7428

e bdj@bdj.com.au

www.bdj.com.au



Auditor's Independent Review Report



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Silver City Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Silver City Minerals Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

BDJ Partners
Chartered Accountants

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Gregory W Cliffe
Partner

10 March 2015



Liability limited by a scheme approved under Professional Standards Legislation.
Please refer to the website for our standard terms of engagement.



Auditor's Independence Declaration



partners

A J Dowell CA
M Galouzis CA
A N Fraser CA
G W Cliffe CA
B Kolevski CPA (Affiliate ICAA)

associate

M A Nakkan CA

consultant

C H Barnes FCA

north sydney office

Level 13, 122 Arthur St
North Sydney NSW 2060

manly office

Level 5, 22 Central Ave
Manly National Building
Manly NSW 2095

all correspondence

PO Box 1664
North Sydney NSW 2059

t 02 9956 8500

f 02 9929 7428

e bdj@bdj.com.au

www.bdj.com.au

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Silver City Minerals Limited and Controlled Entities

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2014 there have been:

- a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

BDJ Partners
Chartered Accountants

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Gregory W Cliffe
Partner

5 March 2015



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Please refer to the website for our standard terms of engagement.



Corporate Directory

Silver City Minerals Limited

ABN 68 130 933 309

Directors

Robert Besley	Non-Executive Chairman
Christopher Torrey	Managing Director
Greg Jones	Non-Executive Director
Ian Plimer	Non-Executive Director
Ian Hume	Non-Executive Director
Yanina Barila	Alternate to Ian Hume

Company Secretary

Ivo Polovineo

Registered and Administration Office

Level 1, 80 Chandos Street

St Leonards, NSW 2065

PO Box 956, Crows Nest, NSW 1585

Telephone: 02 9437 7137

Facsimile: 02 9906 5233

Website: www.silvercityminerals.com.au

E-mail: info@silvercityminerals.com.au

Share Registry

Boardroom Pty Limited

GPO Box 3993

Sydney, NSW 2001

Telephone: +61 2 9290 9600

Facsimile: +61 2 9279 0664

Email: enquiries@boardroomlimited.com.au

Website: www.boardroomlimited.com.au

Auditors

BDJ Partners

Bankers

Commonwealth Bank of Australia

Bank West

Securities Exchange Listing

Listed on Australian Securities Exchange Limited

ASX Code: SCI

