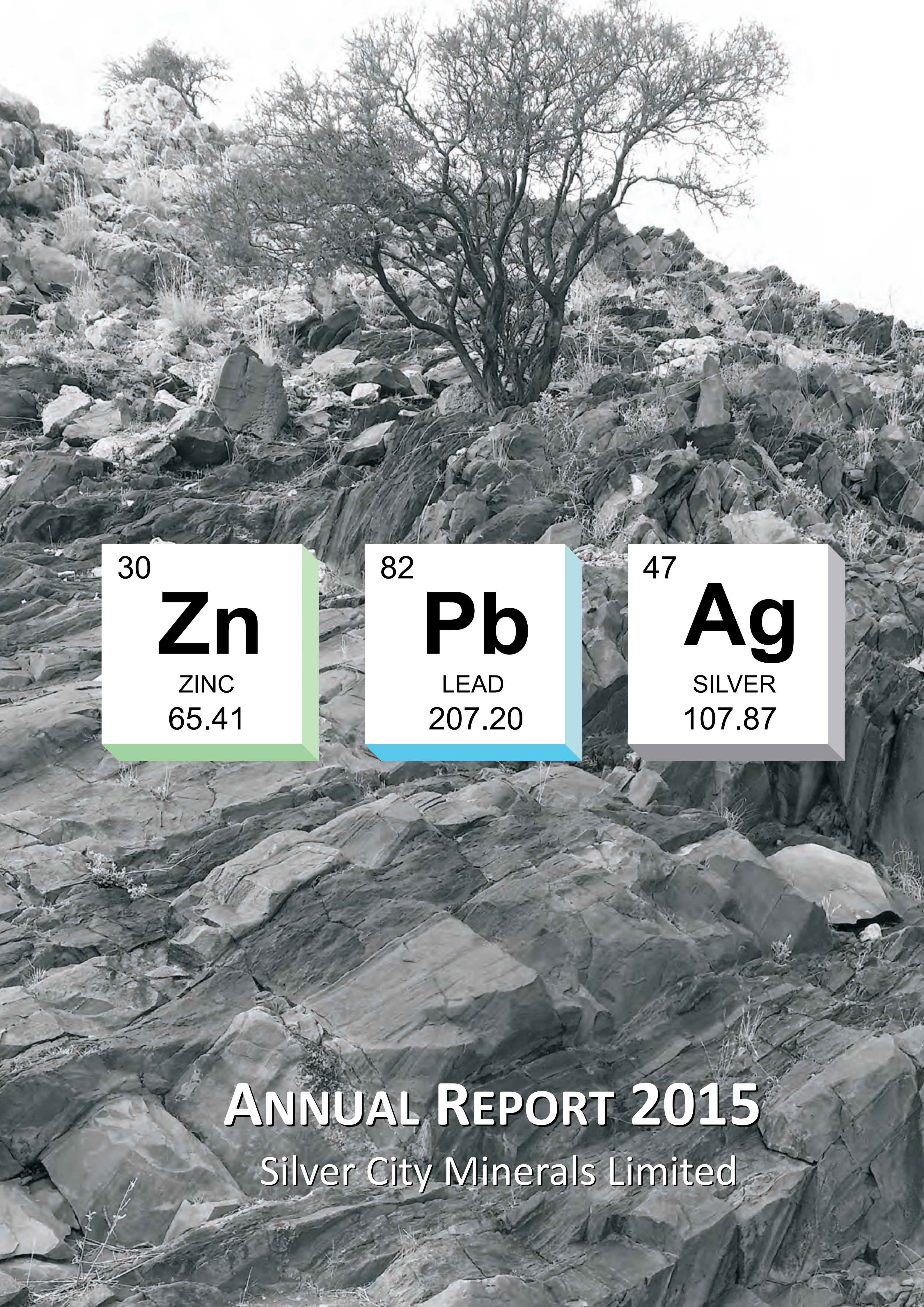

30
Zn
ZINC
65.41

82
Pb
LEAD
207.20

47
Ag
SILVER
107.87

Annual Report 2015

Silver City Minerals Limited

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Cover Photograph: ***Mineralised rock sequences from Broken Hill.***

Chairman’s Letter

Dear Fellow Shareholders

Silver City Minerals Limited (SCI) has maintained its focus on exploring the Broken Hill District for a zinc-lead-silver deposit within 50 kilometres of the world’s largest and highest grade deposit.

The Company has a large exploration land position that covers strike extensions of the Broken Hill ‘line of lode’ both north and south of the Broken Hill mining leases as well as over 100 kilometres of strike-length of Broken Hill host rocks in a series of parallel belts. There are over 400 known occurrences of Broken Hill Type mineralisation within the SCI tenements. Importantly some 50% of these tenements are covered with a thin veneer of recent outwash and alluvium with very limited outcrop where little exploration has occurred.

Silver City’s Broken Hill project represents an outstanding exploration play for zinc. Many commodity analysts are predicting a shortfall in zinc supplies over the next few years based on the closure of a number of major producers, lack of new projects for development and absence of new zinc discoveries .The Company is well positioned to take advantage of an upswing in market interest in zinc with a number of high grade zinc plays established.

During the year the Company undertook a detailed review the Broken Hill ore setting and past exploration of the district. It has updated the model of the large ore system and refined the exploration criteria for a non-outcropping areas within the district. A number of high priority targets have emerged with immediate follow up focused on strike extensions north and south of the Broken Hill deposit.

One of the great advantages of exploring in the Broken Hill District is the well-established infrastructure associated with one of the world’s major mining centres. There are two operating processing mills that have spare capacity. All the Silver City projects are within 50 kilometres trucking distance of Broken Hill. Given the high grade nature of the Broken Hill mineralisation even a small discovery could be developed for profitable production without significant capital cost. Approximately 45% of the tenure held by Silver City Minerals falls within a joint venture agreement with CBH Resources which owns and operates the Rasp Mine at Broken Hill.

In New Zealand the Company has identified a large epithermal system that is typical of the upper section of epithermal gold deposits. We anticipate conducting a number of geophysical surveys including airborne magnetics to advance this project in the coming year.

The continual decline in commodity prices over the past year and the resulting lack of interest in the junior explorers sector is causing distress across much of the industry and Silver City maintains a watching brief for outstanding value projects that might emerge. The current prices for a number of metals is below the production costs of some producers and an upswing correction must happen.

The team at Silver City has worked hard over the past year to identify and evaluate high value targets while achieving significantly lower costs. We would like to thank all shareholders for their continued interest and support and we look forward to a stronger year ahead.

Bob Besley
Chairman

Project activities

Silver City Minerals (ASX:SCI) continued exploration for zinc, lead and silver at Broken Hill, NSW and for gold and silver at its Taupo project in New Zealand. The Company withdrew from the Sellheim gold project in Queensland after drill results failed to meet expectations. SCI has continued to evaluate new exploration opportunities during the year.

SCI spent $1,279,000 on in-ground exploration this year, with $707,000 focussed on Broken Hill, $137,000 on New Zealand, $364,000 at Sellheim and $71,000 in the evaluation of new opportunities. Of this total approximately $413,000 was spent on drilling activities representing just over 30% of the total in-ground expenditure.

The Company is of the view that there will be a zinc supply shortfall in the next few years, putting pressure on the price of zinc and demand for zinc and new zinc projects. SCI is favourably placed in one of the world's largest zinc districts at Broken Hill, with drill-ready targets for high grade zinc sulphides.

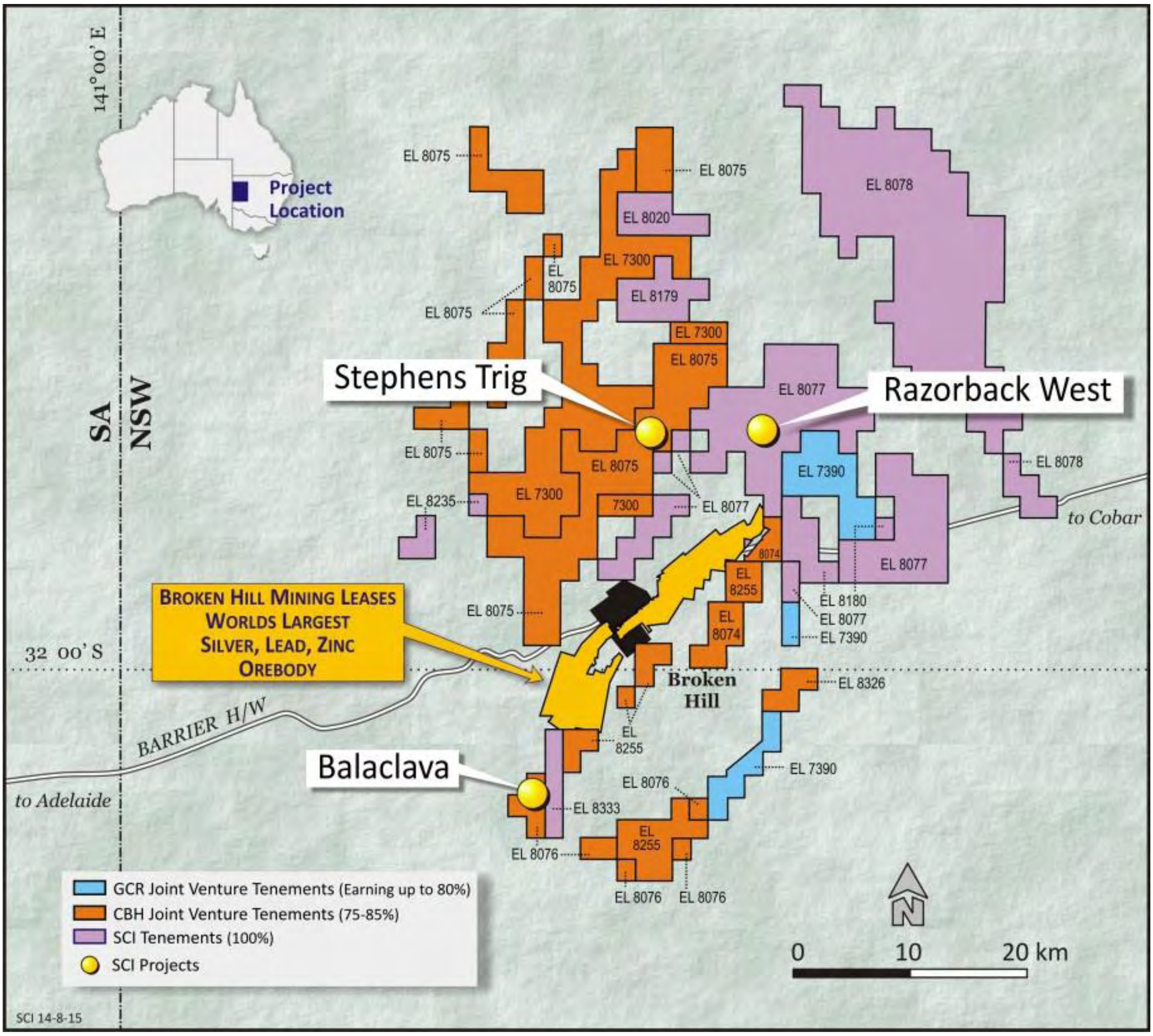

Figure 1. Silver City tenements and projects.

Review of Operations

Broken Hill, New South Wales (zinc-lead-silver)

As part of the Company's zinc exploration strategy, it undertook a new study of the Broken Hill district to focus exploration on rock sequences likely to be the extensions or equivalents of the Broken Hill "line-of-lode" mine corridor. This work highlighted three areas where propensity for zinc discovery is considered to be highest; Razorback West, Balaclava and Stephens Trig (Figures 1 and 2). Both Razorback West and Balaclava are considered by SCI to be fault displaced extensions of the Broken Hill mine corridor to the north and south respectively. Stephens Trig is considered to be the folded-repeated equivalent of Razorback West (Figure 3).

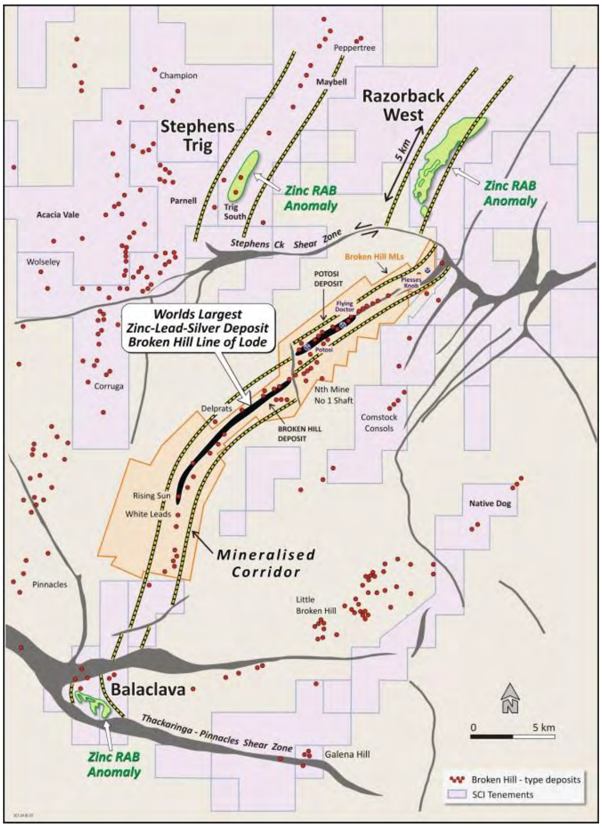

Figure 2. Silver City principal projects in relation to the Broken Hill Deposit and mining leases. Geological interpretations suggest Razorback West and Balaclava are fault-offset continuations of the Broken Hill mine corridor.

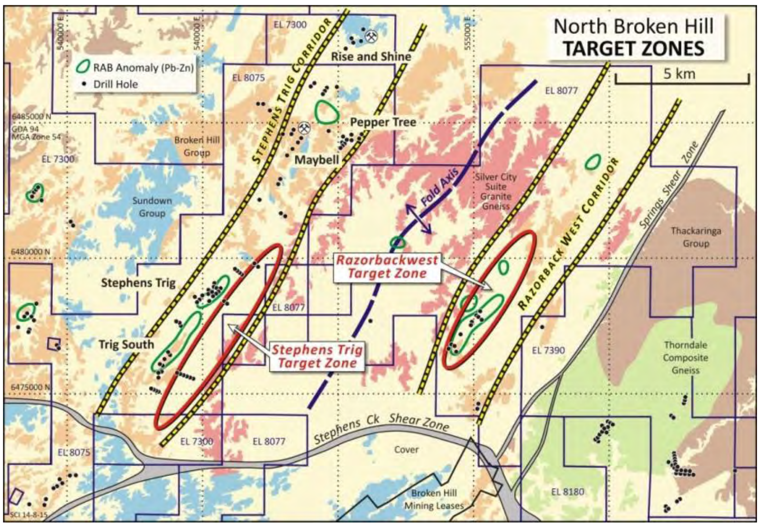

Figure 3. Diagram shows North Broken Hill target zones at Razorback West and Stephens Trig. Geological interpretation suggests both are part of a folded Broken Hill mine sequence.

Razorback West (EL 8077; Razorback, 100% SCI)

Recent ground electromagnetic (EM) surveys show a subtle conductor coincident with zinc-rich surface geochemistry and anomalous zinc and manganese in reverse circulation drill holes (Figures 4 and 5). Detailed surface mapping at this largely alluvium and soil-covered prospect has located a number of subdued outcrops one of which hosts previously unmapped gossan. This has returned **385g/t silver and 1.5% lead in rock chip samples**. Follow-up drill testing of both geochemical and geophysical anomalies is required and SCI is optimistic that this can be partly funded by Round 2 of the NSW government New Frontiers Cooperative Drilling Program.

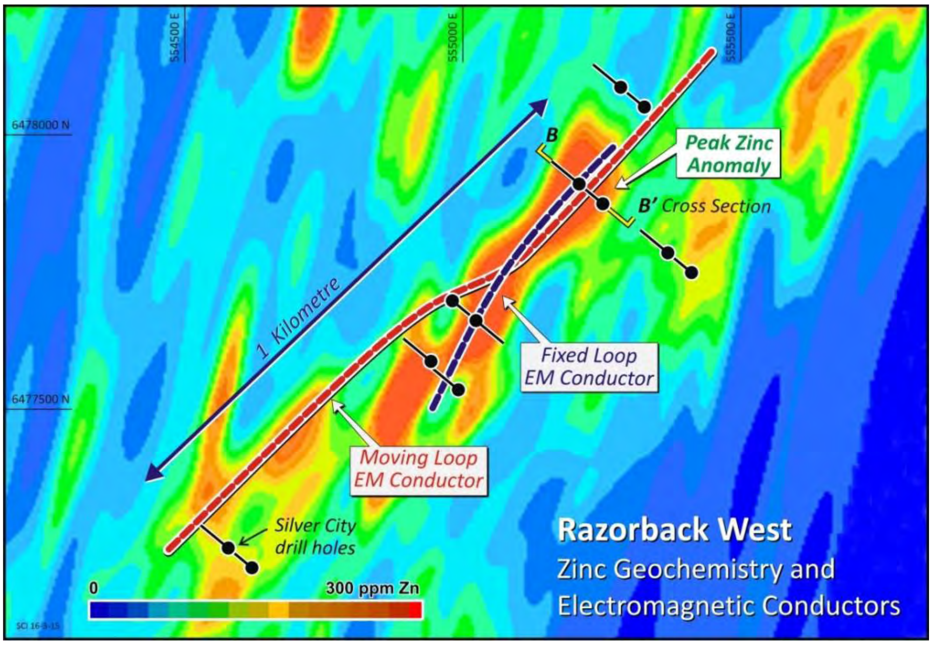

Figure 4. Detail of the Razorback West zinc geochemical anomaly as defined by RAB drilling through surface cover (coloured image), and its close spatial relationship to conductors identified in the EM survey. Locations of shallow RC drill holes drilled in 2012 are shown.

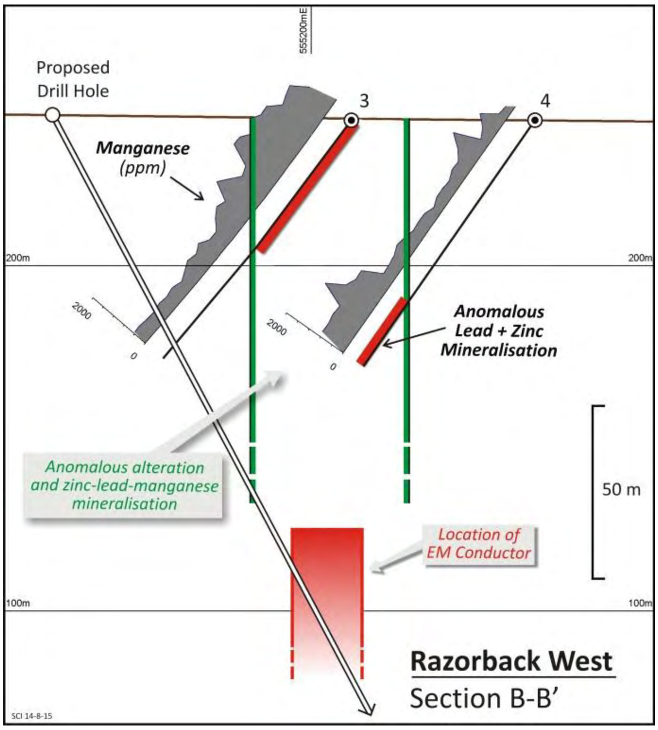

Figure 5 Section B-B' from Figure 4. It shows anomalous geochemistry in existing in RC holes which were drilled in 2012. The best interpretive model suggests an EM conductor starts 120 metres below surface; deeper that drilling completed to date. Proposed drill hole to test this is shown.

Balaclava (EL 8076; Lynor, 75% SCI, 25% CBH Resources with both contributing)

Geological mapping, RAB drilling and reinterpretation of historic drill data has culminated in drilling program to evaluate a zinc sulphide-bearing lode-rock package which has been poorly tested to date. The package is 150 metres wide with individual lodes within it from 1 to 20 metres wide. It is considered to be the fault-displaced continuation of the Broken Hill mine corridor south of Broken Hill (Figure 2). Drilling was underway at the time of writing.

Drilling at Balaclava

Stephens Trig (EL 8075 Willyama, 75% SCI, 25% CBH Resources with SCI sole funding to DFS)

This belt is very similar to that which occurs at Razorback West and geological interpretations suggest that they are both part of the same folded sequence. A number of prospects have been identified in the past and there are clusters of old mine workings. The belt extends for over 15 kilometres from Trig South in the south to Rise and Shine and Peppertree in the north.

The most significant drilling to date has been 31 holes located at Stephens Trig. This project does not crop out; much like Razorback West it lies beneath a veneer of alluvium and soil. Similarly it is broadly defined by a lead-zinc RAB geochemical anomaly which extends for 1.5 kilometres along strike with a further southern extension of over 2 kilometres over the Trig South prospect (Figure 3).

SCI has undertaken an evaluation of the existing drill data, including detailed logging of historic drill holes. It has identified three mineralised lode horizons all of which host appreciable zinc-rich intersections; Main Lode, East Lode and East 2 Lode.

The East 2 lode in particular hosts a number of mineralised intersections. These include:

1. Hole 04SGC002; 43m to 57m (14m) at 0.5% lead and 1.9% zinc.
   Including 54m to 57m (3m) at **1.4% lead and 5.8% zinc.**
2. Hole 11SGC012; 63m to 73m (10m) at 1.1% lead and 1.3% zinc
   Including 68m to 71m (3m) at 2.9% lead and 3.2% zinc.
3. Hole 91SG03; 110m to 122m (12m) at **2.3% lead and 6.8% zinc**
   Including 112m to 118m (6m) at **3.8% lead and 11.8% zinc.**
4. Hole 97SG12; 126m to 140m (16m) at 0.3% lead and 1.3% zinc
   Including 138m to 140m (2m) at **1.4% lead and 3.1% zinc.**
5. Hole 90SG01; 66m to 68m (2m) at **4.3% lead and 12.0% zinc.**

(Note: Holes outlined here were previously reported in the Company Prospectus 2011 or ASX Release 9 January 2012 to a nominal 1% zinc cut-off).

Recent work by SCI shows that the stratigraphic position of this lode is untested within 100 metres of the surface, for at least 300 metres and possibly as much as 600 metres along strike. A longitudinal section presented here depicts grade (lead plus zinc in percent, with no grade cut) multiplied by the downhole thickness of the East 2 lode (Figure 6).

This zone, located only 12 kilometres north of Broken Hill is potentially amenable to low cost open pit mining. Ore-grade material from this zone could be amenable to trucking to one of two beneficiation mills currently operating at Broken Hill. Further exploratory drilling is required to test the project.

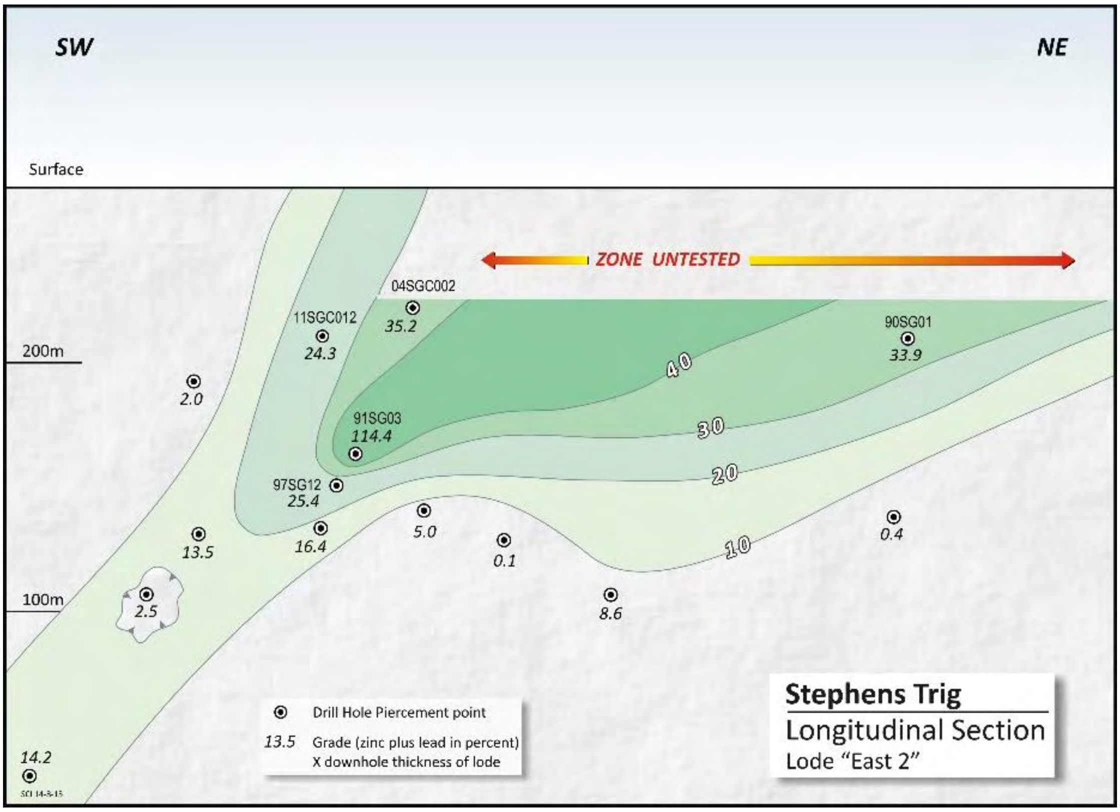

Figure .6 Stephens Trig longitudinal section of the East 2 lode. Shows a south plunging shoot. Results from holes shown here are outlined above. Importantly there has been little drill assessment in the zone from surface to 100 metres below surface.

Taupo, New Zealand (gold-silver)

Goldmine Hill (MEP 56212 and MPP56147; 100% SCI)

Gold was first reported from the area in 1924. Follow-up rock chip analyses of quartz material by the Inspector of Mines returned a sample with just over 4 pennyweights per ton gold and 2 ounces per ton silver or in today's measures approximately **6 grams per tonne and 62 grams per tonnes** respectively. Five of the seven samples collected in that reconnaissance survey returned over 3 g/t gold. Locally, and in New Zealand Geological Survey reports the area from which these samples were collected is known as Goldmine Hill.

Previous explorers have identified areas of very strong hydrothermal alteration in a dacite intrusion but the source of gold mineralisation remains obscured by a thin mantle of very young, unconsolidated volcanic ash. The only indications of the nature of the mineralised and altered rock occur in erosional windows through the thin ash cover.

SCI undertook a comprehensive mapping and sampling program in February and March 2015 and has been able to build an interpretive picture of the mineralised hydrothermal alteration system. Field and mineralogical studies show a fault-controlled and symmetrically zoned alteration distribution within a volcanic plug comprising dacite rock. The alteration is concentrated in a northeast-trending belt where advanced argillic (or acid) alteration predominates. This corridor is approximately 3000 metres long and 300 metres wide. Peripheral to and probably sourced from a feeder zone beneath this belt are a number of silica-pyrite rich hydrothermal explosion breccias. Rocks to the northwest and southeast of the belt display progressively weaker alteration away from the belt (Figure 7).

Goldmine Hill Project, New Zealand

Geophysical data indicate magnetite, normally ubiquitous in the fresh dacite, is completely destroyed within the belt suggestive of a major up-flow zone where hydrothermal fluids have completely destroyed primary magnetic minerals. This is a typical geological setting for low-sulphidation epithermal gold-silver deposits. An interpretive cross-section based on the available data shows the likely position of gold deposition in this environment.

A review of all exploration data by specialist consultant, Applied Petrological Services and Research, New Zealand, suggests the project is situated in a favourable geological environment with respect to the Central Volcanic Zone. Evidence from assemblages of hydrothermal alteration minerals indicates that potentially gold-silver mineralising; near-neutral fluids were present. This mineral assemblage is largely hidden beneath the advanced argillic alteration which contains little or no gold. This is consistent with a poorly eroded epithermal gold-silver system where gold and silver might be precipitated at depth below the acid-style alteration (alunite-kaolinite-pyrite; Figure 8).

The next phase of exploration requires detailed magnetic and resistivity surveys to delineate likely fault structures conducive to hosting high grade mineralisation.

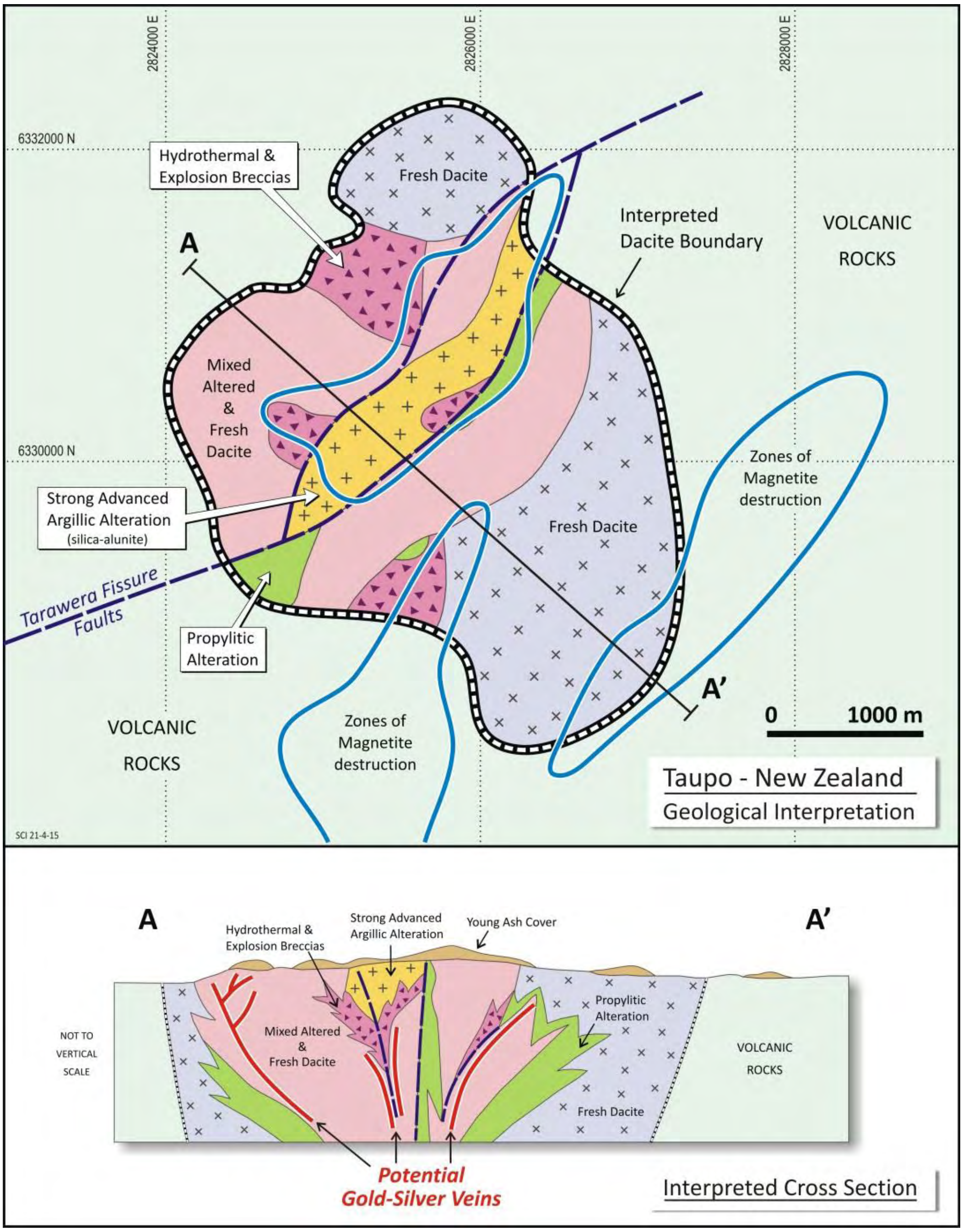

Figure 7. Geological interpretation based on field mapping and mineralogical studies. Potential for gold-bearing veins at depth beneath the zone of strong advanced argillic alteration.

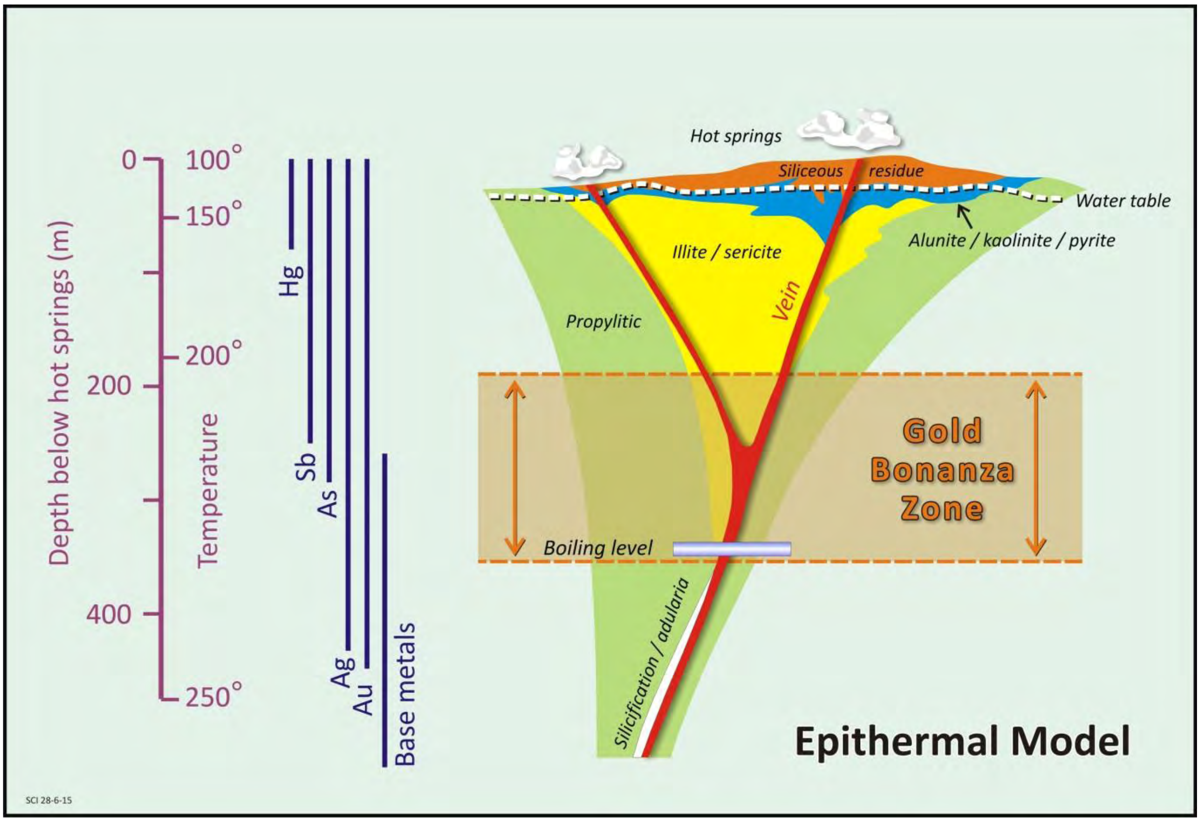

Figure 8. Epithermal model for deposition of high grade gold and silver deposits. The geological setting at Goldmine Hill suggests the erosional level equates to approximately the water table in this diagram. High grade gold would be expected to occur approximately 200 metres beneath this.

Competent Person

The information in this report that relates to Exploration Results is based on information compiled by Chris Torrey (BSc, MSc, RPGeo.) who is a member of the Australian Institute of Geoscientists. Mr Torrey is the Managing Director, a shareholder and full time employee of Silver City Minerals Limited. Mr Torrey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a “Competent Person” as defined by the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Torrey consents to the inclusion in this Report of the matters based on this information in the form and context in which it appears.

Schedule of Tenements

As at 10 September 2015

Tenement	Tenement no.	SCI interest	Joint venture details
New South Wales			
Acacia	EL 8235	100%	
Aragon	EL 7300	85%	CBH 15%, Eaglehawk 0.5% NSR
Coombarra	EL 8255	75%	CBH 25% contributing interest
Durin	EL 8180	100%	
Enmore	EL 8333	100%	
Lewis	EL 8179	100%	
Lynor	EL 8076	75%	CBH 25% contributing interest
Native Dog	EL 8236	75%	CBH 25%, Note 1
Razorback	EL 8077	100%	
Riddock	EL 8020	100%	
Rildar	EL 8074	75%	CBH 25% contributing interest
Willyama	EL 8075	75%	CBH 25%, Note 1
Yalcowinna	EL 8078	100%	Eaglehawk 8% in area of EL 7319, Note 1
Yellowstone	EL 7390	0%	Golden Cross Operations Limited 100%, SCI earning 80%
New Zealand			
Taupo One	MEP 56212	100%	
Taupo Two	MPP 56147	100%	

EL = Exploration Licence

MEP Mineral Exploration Permit (NZ)

ELA = Exploration Licence Application

MPP Mineral Prospecting Permit (NZ)

Note 1 These tenements are subject to agreements with Variscan Mines Limited and Eaglehawk Geological Consulting Pty Ltd whereby Variscan and Eaglehawk hold an NSR (Net Smelter Return) interest in parts of these tenements.

Directors' Report

Your directors submit their report for the year ended 30 June 2015.

Directors

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

Bob Besley, BSc (Hons), MAusIMM, MAIG

Chairman

Director since 5 March 2010

Bob is a geologist with more than 40 years' experience in the minerals industry in Asia, the Middle East, North and South America, Australia and the Pacific Rim. He spent 13 years with Unocal, seven of those as Manager of Minerals for Australia and the Pacific and was General Manager of Australmin Holdings Limited when that company developed a minerals sands project in eastern Australia and a gold mine in Western Australia. Bob founded and was Managing Director of CBH Resources Limited from its initial ASX listing as a junior to when it was an important Australian zinc/lead/silver producer. He was a founding Director of Kimberley Metals Ltd, now KBL Mining Limited, and is currently a non-executive director. He is a Director of the non listed company Murray Zircon that operates the Mindarie zircon mine in South Australia. Bob has served on a number of Government and Industry advisory boards.

During the past three years Bob has also served as a director of the following other listed companies:

- KBL Mining Limited - appointed 29 February 2008
- Queensland Mining Limited- appointed 29 February 2012, resigned June 2013.

Christopher Torrey, BSc, MSc, RPGeo, MAIG, FSEG

Managing Director

Director since 23 August 2010

Chris is a geologist with over 30 years international exploration experience. He has worked for large mining companies, notable Noranda and Cyprus Amax where he held senior management positions in Australia, New Zealand, Indonesia, United States and Central America. He joined ASX-listed Golden Cross Resources as Exploration Manager in 1996 and was appointed to that Board in 2003, ultimately holding the Chairman's position.

Prior to joining Silver City Minerals in April 2010 he managed a Sydney-based geological consulting business and was the Chief Consulting Geologist to Golden Minerals Company, a North American-based silver explorer and Manager of Silex Exploration Pty Limited.

During the past three years Chris has also served as a director of the following other listed companies:

- Golden Cross Resources Limited - appointed 1 July 2003, resigned 1 March 2012

Gregory Jones, BSc (Hons), MAusIMM

Non-Executive Director

Director since 30 April 2009

Greg is a geologist with over 30 years of exploration and operational experience gained in a broad range of metalliferous commodities within Australia and overseas. Greg has held senior positions in a number of resource companies including Western Mining Corporation and Sino Gold Mining Limited. His experience spans the spectrum of exploration activity from grass-roots exploration through to resource definition and new project generation, as well as mine geology, ore resource/reserve generation and new mine development.

Greg was awarded the Institute Medal for academic excellence whilst at university and is credited with several economic discoveries including the Blair nickel and the Orion gold deposits in Western Australia.

During the past three years Greg has also served as a director of the following other listed companies:

- Variscan Mines Limited - appointed 20 April 2009
- Eastern Iron Limited – appointed 24 April 2009

- Thomson Resources Ltd – appointed 17 July 2009
- Moly Mines Limited – appointed August 2014

Professor Ian Plimer, BSc (Hons), PhD, FGS, FTSE, FAIMM

Non-Executive Director

Director since 21 February 2011

Professor Ian Plimer BSc (Hons), PhD, FTSE, FGS, FAIMM is Emeritus Professor at The University of Melbourne where he was Professor and Head of Geology (1991-2005). He was Professor and Head of Geology (University of Newcastle 1985-1991), DFG Professor at Ludwig Maximilians Universität (Munich: 1991) and Professor of Mining Geology (University of Adelaide 2005-2012). Professor Plimer has published more than 130 scientific papers and is author of multiple best-selling books for the general public.

Professor Plimer's geological expertise is in mineral resources, especially Broken Hill. He serves on the Boards of listed companies; Kefi Minerals Ltd (AIM:KEFI) and unlisted companies (Hancock Prospecting companies [Roy Hill Holdings, Hope Downs, Queensland Coal Investments] and TNT Mines Ltd). He represents Hancock Prospecting on the Lakes Oil NL Board (ASX: LKO) and Sun Resources NL (ASX: SUR). He has served on the boards of Ivanhoe Australia Ltd (ASX:IVA, TSX: IVA) and CBH Resources Ltd (ASX:CBH).

During the past three years Ian has also served as a director of the following other listed companies:

- Niuminco Group Ltd - appointed 9 May 2011
- Lakes Oil NL – appointed January 2013
- Sun Resources NL – appointed September 2013

Ian Hume

Non-Executive Director

Director since 29 July 2011

Ian has over 30 years' experience in the natural resources industry. He was a founding partner of The Sentient Group, a private equity fund specialising in global investment in the resources sector. From 1994 to 2000, Mr Hume served as a consultant to AMP Society's Private Capital Division, focused on international mining and telecommunications investments primarily in North and South America, Russia and the Pacific Rim. His experience prior to 1994 includes serving as a consultant to Equatorial Mining on the development of its copper assets in Chile. He has 23 years of investment management and investment banking experience for companies in Australia and the United Kingdom. He is a member of the Sentient Council and a director of Golden Minerals Company (TSX:AUM). Mr Hume attended both Harrow School (England) and Nice University (France). Ian was formerly a director of Andean Resources and Norsemont Mining.

During the past three years Ian has also served as a director of the following other listed companies:

- Marengo Mining Ltd – appointed 4 October 2012, resigned April 2014
- Iron Road Ltd – appointed 5 March 2009
- African Energy Resources – appointed September 2013

Yanina Barila, BAcc, MFin

Alternate Director to Ian Hume

Director since 29 July 2011

Yanina is an Investment Manager with the Sentient Group. She joined the Board to act as an alternate Director for Ian Hume in August 2011.

During the past three years Yanina has also served as an alternative director / director of the following other listed companies:

- Senex Energy Limited – appointed March 2011
- Darwin Resources Corp. – appointed May 2013, resigned July 2014
- Tinka Resources Limited – appointed August 2014

Directors' interests in shares and options

As at the date of this report, the interests of the Directors in the shares and options of Silver City Minerals Limited were:

Directors	Shares directly and indirectly held	Options directly and indirectly held
B Besley	1,129,269	1,000,000
C Torrey	351,267	3,000,000
G Jones	-	1,000,000
I Plimer	1,221,267	1,000,000
I Hume	290,845	1,000,000

Company Secretary

Ivo Polovineo, FIPA

Ivo Polovineo was appointed Company Secretary of the Company on 5 August 2011. Ivo has over 30 years' experience in corporate accounting, finance and company secretarial work for a diverse range of companies. He has spent the past 20 years in senior management roles in the resources sector including seven years as Company Secretary (and five years as CFO) of Sino Gold Mining Limited (a former ASX 100 company) until December 2009. Ivo is currently also Company Secretary of Variscan Mines Limited, Thomson Resources Ltd, Lynas Corporation Ltd and KBL Mining Limited.

Principal activities

The principal activity of the Company is exploration for the discovery and delineation of high grade base and precious metal deposits and the development of those resources into economic, cash flow generating businesses.

Results

The net result of operations of the consolidated entity after applicable income tax expense was a loss of $4,716,864 (2014: $526,022).

Dividends

No dividends were paid or proposed during the period.

Review of operations

A review of the operations commences on page 2 of this Annual Financial Report. This, together with the Chairman's Letter and the sections headed "Significant changes in the state of affairs" and "Significant events after the balance date" in this report, provides a review of operations of the Company during the year and subsequent to reporting date.

Significant changes in the state of affairs

The Directors are not aware of any significant changes in the state of affairs of the Group occurring during the financial period, other than as disclosed in this report.

Significant events after the balance date

There were, at the date of this report, no matters or circumstances which have arisen since 30 June 2015 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.

Likely developments and expected results

As the Company's areas of interest are at an early stage of exploration, it is not possible to postulate likely developments and any expected results. The Company is hoping to establish resources from some of its current prospects and to identify further base and precious metal targets.

Shares under option or issued on exercise of options

Details of unissued shares or interests under option for Silver City Minerals Limited as at the date of this report are:

Number of shares under option	Class of share	Exercise price of option	Expiry date of options
1,000,000	Ordinary	$0.08	27 September 2016
1,500,000	Ordinary	$0.10	12 August 2017
7,000,000	Ordinary	$0.10	2 December 2017
9,500,000			

The holders of these options do not have the right, by virtue of the option, to participate in any share issue of the Company or of any other body corporate or registered scheme.

There were no shares issued during or since the end of the financial year as a result of exercise of the above options.

Indemnification and insurance of directors and officers

Indemnification

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an officer of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Insurance premiums

During the financial period the Company has paid premiums to insure each of the Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid are not disclosed as such disclosure is prohibited under the terms of the contract.

Environmental performance

Silver City Minerals holds exploration titles issued by New South Wales Department of Industry – Resources and Energy, and New Zealand Petroleum and Minerals which specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the Department's guidelines and standards. There have been no significant known breaches of the licence conditions.

Auditor's independence and non-audit services

bdjpartners
CHARTERED ACCOUNTANTS

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

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Level 13, 122 Arthur St
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Auditor's Independence Declaration

To the directors of Silver City Minerals Limited

As engagement partner for the audit of Silver City Minerals Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BDJ Partners

Chartered Accountants

…………………………………………………….
Gregory W Cliffe
Partner
16 September 2015

Non-audit services

The Company's auditor, BDJ Partners did not provide non-audit services to the Company during the period ended 30 June 2015 (2014: Nil). The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Remuneration report (audited)

This remuneration report for the year ended 30 June 2015 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Details of key management personnel

Details of KMP including the top five remunerated executives of the Parent and Group are set out below.

Directors	
B Besley	Chairman, Non-Executive Director
C Torrey	Managing Director
G Jones	Non-Executive Director
I Plimer	Non-Executive Director
I Hume	Non-Executive Director
Key management personnel	
I Polovineo	Company Secretary

Remuneration philosophy

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long-term incentives in line with the Company's limited financial resources.

Fees and payments to the Company's Non-Executive Directors and Senior Executives reflect the demands which are made on, and the responsibilities of, the Directors and the senior management. Such fees and payments are reviewed annually by the Board. The Company's Executive and Non-Executive Directors, Senior Executives and Officers are entitled to receive options under the Company's Employee Share Option Scheme.

Non-executive director remuneration arrangements

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the Non-Executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the Non-Executive Directors has been fixed at a maximum of $200,000 per annum to be apportioned among the Non-Executive Directors in such a manner as the Board determines. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

Until the Company's listing on ASX in July 2011 Directors have been paid options in lieu of fees. Following listing on ASX in July 2011, the Directors have resolved that the Chairman's annual fee be $50,000 p.a. and that Non-Executive Director fees be $40,000 p.a. At present, no Committee fees are paid to Directors.

Service agreements

Remuneration and other terms for key management personnel are formalised in contractor agreements. Details of these agreements are set out below:

Chairman – Bob Besley

- Agreement for ad hoc consulting services. Term: Rolling forward arrangement. Either party may terminate the agreement with 30 days' notice.
- Fee rate: $200 per hour
- Termination payments: Not applicable

Managing Director – Chris Torrey

- Contract term: No fixed term. Either party may terminate the letter of employment with three months' notice.
- Remuneration: $281,285 p.a. as at 30 June 2015 (2014: $280,642).
- Termination payments: Any applicable payments on Redundancy in accordance with the Act.

Non-Executive Director – Greg Jones

- Contract term: Rolling 12 month contract with Variscan Mines Limited (12.5% shareholder of Silver City) of which Greg is an employee. No notice is required from either party to terminate the agreement.
- Remuneration: $163 (2014: $163) per hour plus GST for consultancy services as at 30 June 2015. Greg's fees are paid directly to Variscan Mines Limited.
- Termination payments: Nil.

Company Secretary – Ivo Polovineo

- 12 month rolling contract. Either party may terminate the contract with 30 days' notice.
- Remuneration: $1,350 per day plus GST as at 30 June 2015 (2014: $1,350 per day).
- Termination payments: Nil

Director and key management personnel remuneration for the year ended 30 June 2015

	Short-term benefits		Post employment	Share-based payments		
	Cash salary and fees $	Consulting $	Superannuation $	Options $	Total $	Consisting of options %
Directors						
B Besley	45,872	24,000	4,358	10,500	84,730	12.4%
C Torrey	248,318	-	23,590	21,000	292,908	7.2%
G Jones	36,697	-	3,486	10,500	50,683	20.7%
I Plimer	36,697	-	3,486	10,500	50,683	20.7%
I Hume	36,697	-	3,486	10,500	50,683	20.7%
Total Directors	404,281	24,000	38,406	63,000	529,687	
Other key management personnel						
I Polovineo	-	32,400	-	10,500	42,900	24.5%
Total KMP	-	32,400	-	10,500	42,900	
Totals	404,281	56,400	38,406	73,500	572,587	

No performance based remuneration was paid in the 2015 and 2014 financial period.

Director and key management personnel remuneration for the year ended 30 June 2014

	Short-term benefits		Post employment	Share-based payments		
	Cash salary and fees $	Consulting $	Superannuation $	Options $	Total $	Consisting of options %
Directors						
B Besley	45,872	17,000	4,243	-	67,115	-
C Torrey	256,881	-	23,761	26,220	306,862	8.5%
G Jones	36,697	-	3,394	-	40,091	-
I Plimer	36,697	-	3,394	-	40,091	-
I Hume	36,697	-	3,394	-	40,091	-
Total Directors	412,844	17,000	38,186	26,220	494,250	
Other key management personnel						
I Polovineo	-	32,400	-	-	32,400	-
Total KMP	-	32,400	-	-	32,400	
Totals	412,844	49,400	38,186	26,220	526,650	

Share-based compensation

Employee share option plan

The Company has established the Silver City Minerals Employee Share Option Plan (Plan) to assist in the attraction, retention and motivation of employees of the Company and its related bodies corporate (Group). At 30 June 2015 there were 2,500,000 options on issue pursuant to the Plan. The Plan is administered by the Board in accordance with the rules of the Plan, and the rules are subject to the ASX Listing Rules.

Compensation options: granted and vested during the year

The following options were granted during the financial year.

Share-based payments awarded during the year to directors and key management

	Grant date	Granted no.	Vested * no.	Vested %	Value of options granted at the grant date (note 14)	Options exercised no.	Value of options exercised at the exercise date $	Value of options lapsed during the year $
Directors								
B Besley	20 Nov 14	1,000,000	1,000,000	100%	10,500	-	-	111,600
C Torrey	20 Nov 14	2,000,000	2,000,000	100%	21,000	-	-	223,200
G Jones	20 Nov 14	1,000,000	1,000,000	100%	10,500	-	-	111,600
I Plimer	20 Nov 14	1,000,000	1,000,000	100%	10,500	-	-	111,600
I Hume	20 Nov 14	1,000,000	1,000,000	100%	10,500	-	-	111,600
Other key management personnel								
I Polovineo	20 Nov 14	1,000,000	1,000,000	100%	10,500	-	-	7,750

* Options that have been granted in prior year but have vested in this financial year are included in this amount.

The value of options granted during the period is recognised as compensation over the vesting period of the grant, in accordance with Australian Accounting Standards.

For details on the valuation of the options, including models and assumptions used, please refer to Note 14.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the period.

Meetings of directors

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each director:

	Board of directors		Audit committee		Remuneration committee	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
B Besley	6	6	2	2	1	1
C Torrey	6	6	-	-	-	-
G Jones	6	4	2	1	1	1
I Plimer	6	6	2	2	1	1
I Hume	6	6	-	-	-	-

Signed at Sydney this 23rd day of September 2015 in accordance with a resolution of the Directors.

Chris Torrey
Managing Director

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenue	3	146,212	584,780
ASX and ASIC fees		(20,907)	(30,852)
Audit fees		(23,000)	(25,500)
Contract administration services		(159,615)	(126,416)
Employee costs		(269,291)	(277,841)
Exploration expenditure written off		(4,099,784)	(361,695)
Insurances		(25,340)	(18,623)
Marketing and conference costs		(39,012)	(69,775)
Rent		(27,809)	(31,885)
Share based payments		(100,290)	(26,220)
Travel and accommodation		(13,441)	(25,761)
Other expenses from ordinary activities		(84,587)	(116,234)
Loss before income tax expense		(4,716,864)	(526,022)
Income tax expense	4	-	-
Loss after income tax expense	13	(4,716,864)	(526,022)
Other comprehensive income		-	-
Other comprehensive (loss)		-	-
Other comprehensive income/(loss) for the period		-	-
Total comprehensive income/(loss) for the period attributable to members of silver city minerals limited		(4,716,864)	(526,022)
Basic loss per share (cents per share)	15	4.06	0.51
Diluted loss per share (cents per share)	15	4.06	0.51

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

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Current assets			
Cash assets	5	2,050,188	3,788,059
Receivables	6	45,153	73,663
Tenement security deposits	7	10,000	10,000
Total current assets		2,105,341	3,871,722
Non-current assets			
Receivables	6	1,600	4,740
Tenement security deposits	7	130,000	212,800
Property, plant and equipment	8	54,917	92,171
Deferred exploration and evaluation expenditure	9	4,628,376	7,449,657
Total non-current assets		4,814,893	7,759,368
Total assets		6,920,234	11,631,090
Current liabilities			
Payables	10	64,762	155,507
Provisions	11	47,411	44,231
Total current liabilities		112,173	199,738
Non-current liabilities			
Provisions	11	43,552	36,453
Total non-current liabilities		43,552	36,453
Total liabilities		155,725	236,191
Net assets		6,764,509	11,394,899
Equity			
Contributed equity	12	13,773,496	14,065,169
Accumulated losses	13	(7,150,989)	(3,599,638)
Reserves	14	142,002	929,368
Total equity		6,764,509	11,394,899

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Cash flows from operating activities			
Payment to suppliers and employees		(608,744)	(659,544)
R&D tax concession offset		-	850,184
JV and consulting income		47,342	12,942
Interest received		114,452	155,532
Net cash flows (used in) operating activities	25	(446,950)	359,114
Cash flows from investing activities			
Purchase of fixed assets		(20,350)	(2,155)
Expenditure on mining interests (exploration)		(1,273,631)	(2,031,312)
Tenement security deposits		10,000	(62,800)
Net cash flows (used in) investing activities		(1,283,981)	(2,096,267)
Cash flows from financing activities			
Proceeds from issue of shares		-	1,297,200
Equity raising expenses		-	(27,165)
Net cash flows from financing activities		-	1,270,035
Net increase/(decrease) in cash held		(1,730,931)	(467,118)
Net foreign exchange differences		(6,940)	-
Add opening cash brought forward		3,788,059	4,255,177
Closing cash carried forward	25	2,050,188	3,788,059

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

		Consolidated			
	Note	Issued capital $	Accumulated losses $	Reserves $	Total equity $
At 1 July 2013		12,799,234	(3,073,616)	903,740	10,629,358
Loss for the period		-	(526,022)	-	(526,022)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	(526,022)	-	(526,022)
Transactions with owners in their capacity as owners:					
Share-based payments	14	-	-	26,220	26,220
Issue of equity, net of transaction costs	12	1,270,035	-	-	1,270,035
Expired option value	12	(4,100)	-	-	(4,100)
Foreign currency translation	14	-	-	(592)	(592)
At 30 June 2014		**14,065,169**	**(3,599,638)**	**929,368**	**11,394,899**
At 1 July 2014		14,065,169	(3,599,638)	929,368	11,394,899
Loss for the period		-	(4,716,864)	-	(4,716,864)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	(4,716,864)	-	(4,716,864)
Transactions with owners in their capacity as owners:					
Share-based payments	14	-	-	100,290	100,290
Expired option value	13	(291,673)	1,165,513	(873,840)	-
Foreign currency translation	14	-	-	(13,816)	(13,816)
At 30 June 2015		**13,773,496**	**(7,150,989)**	**142,002**	**6,764,509**

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

1. Corporate information

The financial report of Silver City Minerals Limited (the Company) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 23 September 2015.

Silver City Minerals Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange using the ASX code SCI.

The consolidated financial statements comprise the financial statements of Silver City Minerals Ltd and its subsidiaries (the Group or Consolidated Entity).

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

2. Summary of significant accounting policies

Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has been prepared on a historical cost basis. All amounts are presented in Australian dollars.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

Basis of consolidation

The consolidated financial statements comprise the financial statements of Silver City Minerals Limited (Silver City or the "Company") and its subsidiaries if applicable ("the Group") as at 30 June each year. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Subsidiaries are fully consolidated from 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.

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Plant and equipment – 2 - 5 years
- Motor Vehicle – 5 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An item of plant and equipment is derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Interest in jointly controlled operations – joint ventures

The Company has an interest in exploration joint ventures that are jointly controlled. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity.

The Company recognises its interest in the jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs. The Company also recognises the expenses that it incurs and its share of any income that it earns from the sale of goods or services by the jointly controlled operations.

Recoverable amount of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as held-for-trading and available-for-sale, are measured at fair value. Gains or losses on investments held-for-trading are recognised in the income statement. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. For investments that are actively traded in organised financial markets, fair value is determined by reference to Securities Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, being the date that the Company commits to purchase the asset.

Exploration, evaluation, development and restoration costs

Exploration and evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- Such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- Exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

Exploration and evaluation – impairment

The Directors assess at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry-forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in the Income Statement when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis, provisions would be reviewed and if appropriate, written back.

Development
Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Restoration
Provisions for restoration costs are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Remaining mine life
In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

Mine property held for sale

Where the carrying amount of mine property and related assets will be recovered principally through a sale transaction rather than through continuing use, the assets are reclassified as Mine Property Held for Sale and carried at the lower of the assets' carrying amount and fair value less costs to sell – where such fair value can be reasonably determined, and otherwise at its carrying amount. Liabilities and provisions related to mine property held for sale are similarly reclassified as Liabilities – Mine Property Held for Sale and, Provisions – Mine Property Held for sale, as applicable, and carried at the value at which the liability or provisions expected to be settled.

Trade and other receivables

Trade receivables, which generally have 7-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of one year or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts, if any.

Trade and other payables and provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee entitlements

Liabilities for wages and salaries are recognised and are measured as an amount unpaid at the reporting date at current pay rates in respect of an employee's services up to that date. Current employee contracts do not entitle them to annual leave and long service leave. A liability in respect of superannuation at the current superannuation guarantee rate has been accrued at the reporting date.

Share-based payments

In addition to salaries, the Company provides benefits to certain employees (including Directors and Key Management personnel) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The Company intends to adopt an Employee Share Option Plan prior to listing on the Stock Exchange in order to assist in the attraction, retention and motivation of employees of the Company and its related bodies corporate ("Group").

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the options is determined by using the Binomial option pricing model. In valuing transactions settled by way of issue of options, no account is taken of any vesting limits or hurdles, or the fact that the options are not transferable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification. If an equity-settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised is recognised immediately. However, if a new award is substituted for the cancelled award and designated a replacement award on the date it is granted, the cancelled and the new award are treated as if there was a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share except where such dilution would serve to reduce a loss per share.

Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends
Revenue is recognised when the shareholders' right to receive the payment is established.

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Currency

Functional currency translation

The functional and presentation currency for the parent company is Australian dollars ($). The functional currency of overseas subsidiaries is the local currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the translation. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of Group Companies' functional currency to presentation currency

The results of the New Zealand subsidiary are translated into Australian Dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date.

Investment in controlled entities

The Company's investment in its controlled entities is accounted for under the equity method of accounting in the Company's financial statements.

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the Binomial formula taking into account the terms and conditions upon which the instruments were granted, as detailed in Notes 14 and 16.

Capitalisation and write-off of capitalised exploration costs

The determination of when to capitalise and write-off exploration expenditure requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company, adjusted to exclude any costs of servicing equity divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for:

- Costs of servicing equity;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Accounting standards issued but not yet effective

Australian Accounting Standards and interpretations that have been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the year ended 30 June 2015. The Consolidated Entity plans to adopt these standards at their application dates as detailed below.

AASB 9 Financial Instruments (Application date 1 January 2018)

AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.

(a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.

(b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127] (Application date 1 January 2018)

The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:

The change attributable to changes in credit risk are presented in other comprehensive income (OCI)

The remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

3. Revenue from ordinary activities

	Consolidated 2015 $	Consolidated 2014 $
R&D tax concession offset	-	419,211
Joint venture and consulting income	53,822	12,942
Interest received – other financial institutions	92,390	152,627
	146,212	584,780

4. Income tax

	Consolidated 2015 $	Consolidated 2014 $
Prima facie income tax (credit) on operating (loss) at 30%	1,415,059	157,807
Future income tax benefit in respect of timing differences – not recognised	(1,415,059)	(157,807)
Income tax expense	-	-

No provision for income tax is considered necessary in respect of the Company for the period 30 June 2015.

The Group has a deferred income tax liability of Nil (2014: $499,800) associated with exploration costs deferred for accounting purposes but expensed for tax purposes. This liability has been brought to account and offset by deferred tax assets attributed to available tax losses. No recognition has been given to any deferred income tax asset which may arise from available tax losses, except to the extent offset against deferred tax liabilities. The Company has estimated its losses at $10,836,638 (2014: $6,682,799) as at 30 June 2015.

A benefit of 30% of approximately $3,250,991 (2014: $2,004,840) associated with the tax losses carried forward will only be obtained if:

- The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- The Company continues to comply with the conditions for deductibility imposed by the law; and
- No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

- Silver City and its 100% owned subsidiary (MEPL) formed a tax consolidated group of which Silver City is the head entity.

5. Cash and cash equivalents

	Consolidated 2015 $	Consolidated 2014 $
Cash at bank	277,666	383,809
Money market securities – bank deposits	1,772,522	3,404,250
	2,050,188	3,788,059

Bank negotiable certificates of deposit, which are normally invested between 7 and 120 days were used during the period and are used as part of the cash management function.

6. Receivables

	Consolidated 2015 $	Consolidated 2014 $
Current		
GST receivables	4,509	14,064
Interest receivable	10,242	32,304
Prepayments	23,275	27,295
Trade debtors	7,127	-
	45,153	73,663

	Consolidated 2015 $	Consolidated 2014 $
Non - current		
Rental bonds	1,600	4,740

7. Tenement security deposits

	Consolidated 2015 $	Consolidated 2014 $
Cash at bank – bank deposits	140,000	150,000
Cash with government mines department and other parties	-	72,800
	140,000	222,800

These deposits are restricted so that they are available for any rehabilitation that may be required on exploration tenements (refer to Note 21). The bank deposits are interest bearing.

8. Property, plant and equipment

	Motor vehicle	Plant and equipment	Total
Year ended 30 June 2014 (Consolidated)			
Opening net book amount	62,099	62,908	125,007
Additions	-	22,505	22,505
Depreciation expense	(18,620)	(36,721)	(55,341)
Closing net book amount	43,479	48,692	92,171
At 30 June 2014			
Cost	93,101	151,801	244,902
Accumulated depreciation	(49,622)	(103,109)	(152,731)
Net book amount	43,479	48,692	92,171
Year ended 30 June 2015 (Consolidated)			
Opening net book amount	43,479	48,692	92,171
Additions	-	-	-
Depreciation expense	(18,620)	(18,634)	(37,254)
Closing net book amount	24,859	30,058	54,917
At 30 June 2015			
Cost	93,101	151,801	244,902
Accumulated depreciation	(68,242)	(121,743)	(189,985)
Net book amount	24,859	30,058	54,917

9. Deferred exploration and evaluation expenditure

	Consolidated 2015 $	Consolidated 2014 $
Costs brought forward	7,449,657	5,783,658
Costs incurred during the period	1,278,503	2,031,794
Expired options	-	(4,100)
Expenditure written off during period	(4,099,784)	(361,695)
Costs carried forward	4,628,376	7,449,657
Exploration expenditure costs carried forward are made up of:		
▶ Expenditure on joint venture areas	3,505,867	6,230,241
▶ Expenditure on non joint venture areas	1,122,509	1,219,416
Costs carried forward	4,628,376	7,449,657

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 2. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

10. Current liabilities – payables

	Consolidated 2015 $	Consolidated 2014 $
Trade creditors	29,751	83,045
Accrued expenses	19,309	49,940
GST payable	649	1,293
PAYG payable	15,053	21,229
	64,762	155,507

11. Liabilities – provisions

	Consolidated 2015 $	Consolidated 2014 $
Current		
Annual leave	47,411	44,231
Non-current		
Long Service Leave	43,552	36,453

12. Contributed equity

		Consolidated 2015 $	Consolidated 2014 $
Share capital			
116,300,601 fully paid ordinary shares (2014: 116,300,601)	(a)	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 (2014: 29,167,263)	(b)	-	291,673
Share issue costs		(913,204)	(913,204)
		13,773,496	14,065,169

		Number	$
(a) Movements in ordinary shares on issue			
At 30 June 2013		98,030,228	13,389,500
Shares issued	(i)	18,270,373	1,297,200
At 30 June 2014		116,300,601	14,686,700
Shares issued		-	-
At 30 June 2015		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.

		Number	$
(b) Movements in options on issue			
At 30 June 2013		33,267,263	295,773
Options issued		-	-
Options expired	(i)	(4,100,000)	(4,100)
At 30 June 2014		29,167,263	291,673
Options issued		-	-
Options expired	(ii)	(29,167,263)	(291,673)
At 30 June 2015		-	-

(i) 4,100,000 options expired on 1 July 2013. The options had an exercise price of $0.01 and were issued for acquisitions of tenements.

(ii) 29,167,263 listed options expired on 19 December 2014. The options had an exercise price of $0.25.

An additional 10,500,000 options are on issue under Share based payments (Note: 14).

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.

13. Accumulated losses

	Consolidated 2015 $	Consolidated 2014 $
Balance at 1 July	3,599,638	3,073,616
Operating loss after income tax expense	4,716,864	526,022
Expired option value transferred to Accumulated Losses	(1,165,513)	-
Balance at 30 June	7,150,989	3,599,638

14. Reserves/share-based payments

Reserves

	Consolidated 2015 $	Consolidated 2014 $
Balance at 1 July	929,368	903,740
Share-based payment expensed during the financial year	100,290	26,220
Expired option value transferred to Accumulated Losses	(873,840)	-
Foreign currency translation reserve	(13,816)	(592)
Balance at 30 June	142,002	929,368

Share-based compensation

Employee share option plan

The Company has established the Silver City Minerals Employee Share Option Plan (Plan) to assist in the attraction, retention and motivation of employees of the Company and its related bodies corporate (Group). Subsequent to 30 June 2015 there were no options granted under the Plan. The Plan will be administered by the Board in accordance with the rules of the Plan, and the rules are subject to the ASX Listing Rules. There have been no cancellations or modifications to any of the plans during 2014 and 2015.

Summary of options granted

	Consolidated 2015 no.	Consolidated 2014 no.
Outstanding at the beginning of the year	13,200,000	12,200,000
Granted during the year	8,500,000	1,000,000
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	(11,200,000)	-
Outstanding at the end of the year	10,500,000	13,200,000

The outstanding balance as at 30 June 2015 is represented by:

- 1,000,000 options exercisable at $0.15, expiry 23 August 2015
- 1,000,000 options exercisable at $0.08, expiry 27 September 2016
- 1,500,000 options exercisable at $0.10, expiry 12 August 2017
- 7,000,000 options exercisable at $0.10, expiry 2 December 2017

Option pricing model and terms of options

The following table lists the inputs to the options model and the terms of options granted:

Issue date	Number of options issued	Exercise price	Expiry date	Expected volatility	Risk-free rate	Expected life	Estimated fair value	Model used	
Director options									
Nov 12	1,000,000	$0.15	23 Aug 15	58.96%	4.75%	2.7 years	$0.0299	Binomial	(a)
Nov 14	6,000,000	$0.10	2 Dec 17	69.62%	2.52%	3.0 years	$0.0105	Binomial	(d)
Employee/consultant options									
Nov 13	1,000,000	$0.08	27 Sep 16	58.96%	2.71%	2.8 years	$0.0262	Binomial	(b)
Aug 14	1,500,000	$0.10	12 Aug 17	69.61%	2.52%	3.0 years	$0.0179	Binomial	(c)
Nov 14	1,000,000	$0.10	2 Dec 17	69.62%	2.52%	3.0 years	$0.0105	Binomial	(e)
	10,500,000								

(a) 1,000,000 options were granted to the Managing Director of the Company which were approved by shareholders at the AGM in November 2012. The options vested immediately.

(b) 1,000,000 options were granted to the Managing Director of the Company which were approved by shareholders at the AGM in November 2013. The options vested immediately.

(c) 1,500,000 options were granted to Employees of the Company under the Company’s ESOP. The options vested immediately.

(d) 6,000,000 options were granted to Directors of the Company which were approved by shareholders at the AGM in November 2014. The options vested immediately.

(e) 1,000,000 options were granted to an Employee of the Company under the Company’s ESOP. The options vested immediately.

Weighted average disclosures on options

	2015	2014
Weighted average exercise price of options at 1 July	$0.23	$0.24
Weighted average exercise price of options granted during period	$0.10	$0.08
Weighted average exercise price of options outstanding at 30 June	$0.10	$0.23
Weighted average exercise price of options exercisable at 30 June	$0.10	$0.23
Weighted average contractual life	2.05 years	0.52 years
Range of exercise price	$0.08 - $0.15	$0.08 - $0.25

15. Earnings per share

	2015	2014
Net profit/(loss) used in calculating basic and diluted gain/(loss) per share	(4,716,864)	(526,022)
	Number	**Number**
Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	116,300,601	102,554,412
	Cents per share	**Cents per share**
Basic earnings (loss) per share	(4.06)	(0.51)
Diluted earnings (loss) per share	(4.06)	(0.51)

16. Key management personnel

Key management personnel compensation

The aggregate compensation made to key management personnel of the Company is set out below:

	Consolidated 2015 $	Consolidated 2014 $
Short term employee benefits	460,681	462,244
Post-employment benefits	38,406	38,186
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	73,500	26,220
	572,587	526,650

Shareholdings of key management personnel

Fully paid ordinary shares held in Silver City Minerals Limited

	Balance at 1 July no.	Granted as compensation no.	Received on exercise of options no.	Net other change no.	Balance at 30 June no.	Balance held nominally no.
2015						
B Besley	1,129,269	-	-	(2)	1,129,267	-
C Torrey	351,267	-	-	-	351,267	-
G Jones	-	-	-	-	-	-
I Plimer	1,221,267	-	-	-	1,221,267	-
I Hume	290,845	-	-	-	290,845	-
I Polovineo	-	-	-	-	-	-
Total	2,992,648	-	-	(2)	2,992,646	-
2014						
B Besley	600,000	-	-	529,269	1,129,269	-
C Torrey	140,000	-	-	211,267	351,267	-
G Jones	-	-	-	-	-	-
I Plimer	1,010,000	-	-	211,267	1,221,267	-
I Hume	150,000	-	-	140,845	290,845	-
I Polovineo	-	-	-	-	-	-
Total	1,900,000	-	-	1,092,648	2,992,648	-

Option holdings of key management personnel

Share options held in Silver City Minerals Limited

	Balance at 1 July no.	Granted as compen-sation no.	Exercised no.	Net other change no.	Balance at 30 June no.	Balance vested at 30 June no.	Vested but not exercis-able no.	Vested and exercis-able no.	Options vested during year no.
2015									
B Besley	1,000,000	1,000,000	-	(1,000,000)	1,000,000	1,000,000	-	1,000,000	1,000,000
C Torrey	4,000,000	2,000,000	-	(2,000,000)	4,000,000	4,000,000	-	4,000,000	2,000,000
G Jones	1,000,000	1,000,000	-	(1,000,000)	1,000,000	1,000,000	-	1,000,000	1,000,000
I Plimer	1,000,000	1,000,000	-	(1,000,000)	1,000,000	1,000,000	-	1,000,000	1,000,000
I Hume	1,000,000	1,000,000	-	(1,000,000)	1,000,000	1,000,000	-	1,000,000	1,000,000
I Polovineo	500,000	1,000,000	-	(500,000)	1,000,000	1,000,000	-	1,000,000	1,000,000
Total	8,500,000	7,000,000	-	(6,500,000)	9,000,000	9,000,000	-	9,000,000	7,000,000
2014									
B Besley	1,000,000	-	-	-	1,000,000	1,000,000	-	1,000,000	-
C Torrey	3,000,000	1,000,000	-	-	4,000,000	4,000,000	-	4,000,000	1,000,000
G Jones	1,000,000	-	-	-	1,000,000	1,000,000	-	1,000,000	-
I Plimer	1,000,000	-	-	-	1,000,000	1,000,000	-	1,000,000	-
I Hume	1,000,000	-	-	-	1,000,000	1,000,000	-	1,000,000	-
I Polovineo	500,000	-	-	-	500,000	500,000	-	500,000	-
Total	7,500,000	1,000,000	-	-	8,500,000	8,500,000	-	8,500,000	1,000,000

17. Related party disclosures

Subsidiaries

The consolidated financial statements include the financial statements of Silver City Minerals Limited (the Parent Entity) and the following subsidiaries:

		% Equity interest	
Name	Country of incorporation	2015	2014
Mining Exploration Pty Ltd (MEPL)	Australia	100	100
Silver City NZ PTY Limited	New Zealand	100	100

Transactions with other related parties

Variscan Mines Limited

Variscan Mines Limited (Variscan) together with its subsidiary, Bluestone 23 Limited is a 12.5% shareholder of Silver City. The Company engaged Variscan to provide the consulting services of Greg Jones, with nil payments as at 30 June 2015 (2014: nil).

The Company has paid Variscan for rent and reimbursement of office costs totalling $15,065 (2014: $12,660) for the period ended 30 June 2015. The contract with Variscan is based on normal commercial terms and conditions.

18. Auditors' remuneration

	Consolidated 2015 $	Consolidated 2014 $
Total amounts receivable by the current auditors of the Company for:		
Audit of the Company's accounts	23,000	25,500
Other services	-	-
	23,000	25,500

19. Joint ventures

The Company is a party to a number of exploration joint venture agreements to explore for copper, gold, zinc and lead. Under the terms of the agreements the Company will be required to contribute towards the exploration and other costs if it wishes to maintain or increase its percentage holdings. The joint ventures are not separate legal entities. There are contractual arrangements between the participants for sharing costs and future revenues in the event of exploration success. There are no assets and liabilities attributable to the Company at the balance date resulting from these joint ventures other than exploration expenditure costs carried forward as detailed in Note 9. Costs are accounted for in accordance with the terms of joint venture agreements and in accordance with Note 2(i). Percentage equity interests in joint ventures at 30 June 2015 were as follows:

Joint Venture	Percentage interest 2015	Percentage interest 2014
Silver City Farm In and Joint Venture Agreement		
EL 7300	85%	85%
EL 8075	75%	75%
Silver City Broken Hill Project Sale Agreement – PlatSearch NL		
ELs 8236 and 8075	75%	75%
EL 8078	100%	100%
Agreement relating to Ziggys EL 6036 and Euriowie 7319 with Eaglehawk Geological Consulting Pty Ltd		
EL 8078 (Eaglehawk has an 8% interest in a small area of this EL)	100%	100%
Broken Hill Base Metals-Silver-Gold Farm-In and JV HOA with Golden Cross Operations Pty Ltd		
EL 7390	0%	0%
Silver City JV with CBH		
ELs 8076, 8074 and 8255	75%	75%
EL 8236	75%	75%
Sellheim HOA with Nedex		
EPMs 13499, 15778 and 17573 and MLs 10248, 10269 and 10270	-	0%

20. 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 9 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 9.

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 Company’s accounting policy for reporting segments is consistent with that disclosed in Note 2.

21. Contingent liabilities

The Group has provided guarantees totalling $140,000 (2014: $150,000) in respect of exploration tenements in NSW. These guarantees in respect of exploration tenements are secured against deposits with a banking institution. The Group has an environmental bond totalling Nil (2014: $72,800) with a Joint Venture Partner. The Company does not expect to incur any material liability in respect of the guarantees.

22. Financial instruments

The Board as a whole is responsible for reviewing the Company’s policies on risk oversight and management and satisfying itself that Senior Management have developed and implemented a sound system of risk management and internal control. The Company's risk management policy has been designed to identify, assess, monitor and manage material business risks to ensure effective management of risk. These policies are reviewed regularly to reflect material changes in market conditions and the Company's risk profile.

The main risks identified in the Company's financial instruments are capital risk, credit risk, liquidity risk, interest rate risk and commodity price risk. Summarised below is information about the Company's exposure to each of these risk, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Company. In order to achieve this objective, the Company seeks to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs.

The Board ensures costs are not incurred in excess of available funds and will seek to raise additional funding through the issue of shares for the continuation of the Company's operations when required.

The Company considers its capital to comprise of its ordinary share capital, option reserve and accumulated losses. There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

Financial risk management objectives

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

During the period there have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Company's risk management policies and objectives are designed to minimise the potential impacts of these risks on the results of the Company where such impacts may be material. The Board receives regular reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. These risks include credit risk, liquidity risk, interest rate risk and commodity price risk. The Company does not use derivative financial instruments to hedge these risk exposures.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these risks are set out below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company mitigates credit risk on cash and cash equivalents by dealing with banks that have high credit-ratings assigned by Standard and Poors. There are two counterparties for Cash and Cash equivalents which are Commonwealth Bank of Australia and Bank of Western Australia Limited. Credit risk of receivables is low as it consists predominantly of GST recoverable from the Australian Taxation Office and interest receivable from deposits held with regulated banks.

The maximum exposure to credit risk at balance date is as follows:

	Consolidated 2015 $	Consolidated 2014 $
Cash and cash equivalents	2,050,188	3,788,059
Receivables	46,753	78,403
Deposits with banks and Joint Venture Partner	140,000	222,800
	2,236,941	4,089,262

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Ultimate responsibility for liquidity risk rests with the Board of Directors, who have built an appropriate risk management framework for the management of the Company's short, medium and long-term funding and liquidity requirements. The Company manages liquidity by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's contractual maturities of financial liabilities:

Financial liabilities	Carrying amount $	< 12 months $	1-3 years $	>3 years $
2015				
Payables	64,762	64,762	-	-
	64,762	64,762	-	-
2014				
Payables	155,507	155,507	-	-
	155,507	155,507	-	-

The following table details the Company's expected maturity for financial assets:

Financial assets	Carrying amount $	< 12 months $	1-3 years $	>3 years $
2015				
Cash at bank and term deposits	2,050,188	2,050,188	-	-
Receivables	46,753	45,153	1,600	-
Deposits with banks and Joint Venture Partner	140,000	10,000	-	130,000
	2,236,941	2,105,341	1,600	130,000
2014				
Cash at bank and term deposits	3,788,059	3,788,059	-	-
Receivables	78,403	73,663	4,740	-
Deposits with banks and Joint Venture Partner	222,800	10,000	-	212,800
	4,089,262	3,871,722	4,740	212,800

Interest rate risk

The Company's exposure to the risks of changes in market interest rates relates primarily to the Company's cash holdings and short term deposits. These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

At balance date, the Company was exposed to floating weighted average interest rates as follows:

	Consolidated 2015	Consolidated 2014
Weighted average rate of cash balances	0.07%	0.40%
Cash balances	$277,666	$383,809
Weighted average rate of term deposits	2.82%	3.66%
Term deposits	$1,772,522	$3,404,250

The Company invests surplus cash in interest-bearing term deposits with financial institutions and in doing so it exposes itself to the fluctuations in interest rates that are inherent in such a market. Term deposits are normally invested between 7 to 90 days and other cash at bank balances are at call.

The Company's exposure to interest rate risk is set out in the table below:

		+1.0% of AUD IR		-1.0% of AUD IR	
Sensitivity analysis	**Carrying amount $**	**Profit $**	**Other equity $**	**Profit $**	**Other equity $**
2015					
Cash and cash equivalents	2,050,188	20,502	-	(20,502)	-
Tax charge of 30%	-	(6,151)	-	6,151	-
After tax profit increase/(decrease)	2,050,188	14,351	-	(14,351)	-
2014					
Cash and cash equivalents	3,788,059	37,881	-	(37,881)	-
Tax charge of 30%	-	(11,364)	-	11,364	-
After tax profit increase/(decrease)	3,788,059	26,517	-	(26,517)	-

The above analysis assumes all other variables remain constant.

Commodity price risk

The Company is exposed to commodity price risk. This risk arises from its activities directed at exploration and development of mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The Company does not hedge its exposures.

Net fair value of financial assets and liabilities

The carrying amount of financial assets and liabilities of the Company approximate their net fair values, given the short time frames to maturity and or variable interest rates.

23. Commitments

Exploration licence expenditure requirements

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence. These commitments are not binding as the exploration tenements can be reduced or relinquished at any time. The Company has commitments to expend funds towards earning or retaining an interest under its joint venture agreements with CBH Resources Ltd.

	Consolidated 2015 $	Consolidated 2014 $
Payable not later than one year	160,244	153,586
Payable later than one year but not later than two years	0	231,731
	160,244	385,317

It is likely that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment to the Company from time to time.

24. Events after the balance sheet date

There were, at the date of this report, no matters or circumstances which have arisen since 30 June 2015 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.

25. Statement of cash flows

		Consolidated 2015 $	Consolidated 2014 $
Reconciliation of net cash outflow from operating activities to operating loss after income tax			
(a)	Operating (loss) after income tax	(4,716,864)	(526,022)
	Depreciation	37,255	55,341
	Share based payments	100,290	26,220
	Exploration costs in opening and closing creditors	81,260	-
	Annual and long service leave expensed	10,279	14,740
	Exploration expenditure written off	4,099,784	361,695
	Other	141	(90)
	Change in assets and liabilities:		
	(Increase)/decrease in receivables	31,650	434,256
	(Decrease)/increase in trade and other creditors (excluding exploration costs in creditors	(90,745)	(7,026)
	Net cash outflow from operating activities	(446,950)	359,114

(b) For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the cash management function. The Company does not have any unused credit facilities.

The balance at 30 June 2015 comprised:		
Cash assets	277,666	383,809
Bank deposits (Note 5)	1,772,522	3,404,250
Cash on hand	2,050,188	3,788,059

26. Parent entity information

	2015 $	2014 $
Current assets	2,079,773	3,871,722
Total assets	6,945,814	11,631,682
Current liabilities	112,173	199,739
Total liabilities	155,725	236,191
Issued capital	13,773,496	14,065,169
Accumulated losses	(7,139,817)	(3,599,638)
Share based payment reserve	156,410	929,960
Total shareholders' equity	6,790,089	11,395,491
Profit/(loss) of the parent entity	(4,705,691)	(526,022)
Total comprehensive income/(loss) of the parent entity	(4,705,691)	(526,022)

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 30 June 2015 and of its performance for the year ended on that date; and

  (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

(c) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(d) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2015.

On behalf of the Board

Chris Torrey
Managing Director
Sydney, 23 September 2015

bdjpartners
CHARTERED ACCOUNTANTS

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

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Independent Auditor's Report

To the members of Silver City Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Silver City Minerals Limited, which comprises the statements of financial position as at 30 June 2015, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity.

Directors' Responsibility for the Financial Report

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

In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Independence

In conducting our audit, 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.

Opinion

In our opinion:

(a) the financial report of Silver City Minerals Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company’s and the consolidated entity’s financial position as at 30 June 2015 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Silver City Minerals Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDJ Partners
Chartered Accountants

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Gregory W Cliffe
Partner

23 September 2015

Additional Information

Information relating to shareholders

Information relating to shareholders at 08 September 2015 (per ASX Listing Rule 4.10)

Ordinary fully paid shares
There were a total of 116,300,601 fully paid ordinary shares on issue.

Options
There were a total of 9,500,000 unlisted options on issue.

Substantial shareholders	Shareholding
SENTIENT EXECUTIVE GP IV LTD	20,628,437
VARISCAN MINES LIMITED	14,506,449

Top 20 shareholders of ordinary shares as at 08 September 2015	Number	%
SENTIENT EXECUTIVE GP IV LTD	20,628,437	17.74
VARISCAN MINES LIMITED	11,188,267	9.62
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,511,210	4.74
UOB KAY HIAN PRIVATE LIMITED <CLIENTS A/C>	4,318,182	3.71
RHB SECURITIES SINGAPORE PTE LTD <CLIENTS A/C>	4,296,392	3.69
BLUESTONE 23 LIMITED	3,318,182	2.85
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD <CLIENT ACCOUNT>	2,786,992	2.40
NETSHARE NOMINEES PTY LTD	1,678,546	1.44
MS REGINE MAJA SAINISCH-PLIMER <THE INKEX SUPER FUND A/C>	1,211,267	1.04
CPAC HOLDINGS PTY LIMITED <CPAC INVESTMENT A/C>	1,100,000	0.95
GREGORY JAMES BLIGHT & STEPHEN MAXWELL BLIGHT < SUPER FUND A/C>	1,000,400	0.86
ALAN DAVIS PTY LTD	1,000,000	0.86
YERONDA NOMINEES PTY LTD	978,440	0.84
MR LUKE MILOJEVIC	910,150	0.78
MR JOHN ANTHONY VLADICH	902,357	0.78
JANE MARION BESLEY & ROBERT ELLIS BESLEY <R & J BESLEY SUPER FUND A/C>	811,267	0.70
MR ROBERT ANTHONY MCLUCAS	788,112	0.68
MR ROBERT JOHN DAVID	780,000	0.67
CORD INVESTMENTS PTY LTD <ANDREW C FERGUSON S/F A/C>	750,000	0.65
MS SUSAN ELIZABETH GREEN	750,000	0.65
Total of top 20 holdings	**64,708,201**	**55.64**
Other holdings	51,592,400	44.36
Total number of shares	**116,300,601**	**100.00**

Distribution of shareholders		
Range	Number of shareholders	Ordinary shares
1 – 1,000	16	1,943
1,001 – 5,000	35	129,011
5,001 – 10,000	138	1,233,603
10,001 – 100,000	437	19,134,347
100,001 – and over	144	95,801,697
	770	**116,300,601**

Additional Information

At the prevailing market price of $0.034 per share at 08 September 2015, there were 214 shareholders with less than a marketable parcel of $500.

Voting rights

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Optionholders have no voting rights until the options are exercised.

Distribution of holders of unlisted options		
Range	**Number of optionholders**	**Options**
1 – 1,000	0	0
1,001 – 5,000	0	0
5,001 – 10,000	0	0
10,001 – 100,000	0	0
100,001 – and over	10	9,500,000
	10	9,500,000

Corporate governance statement

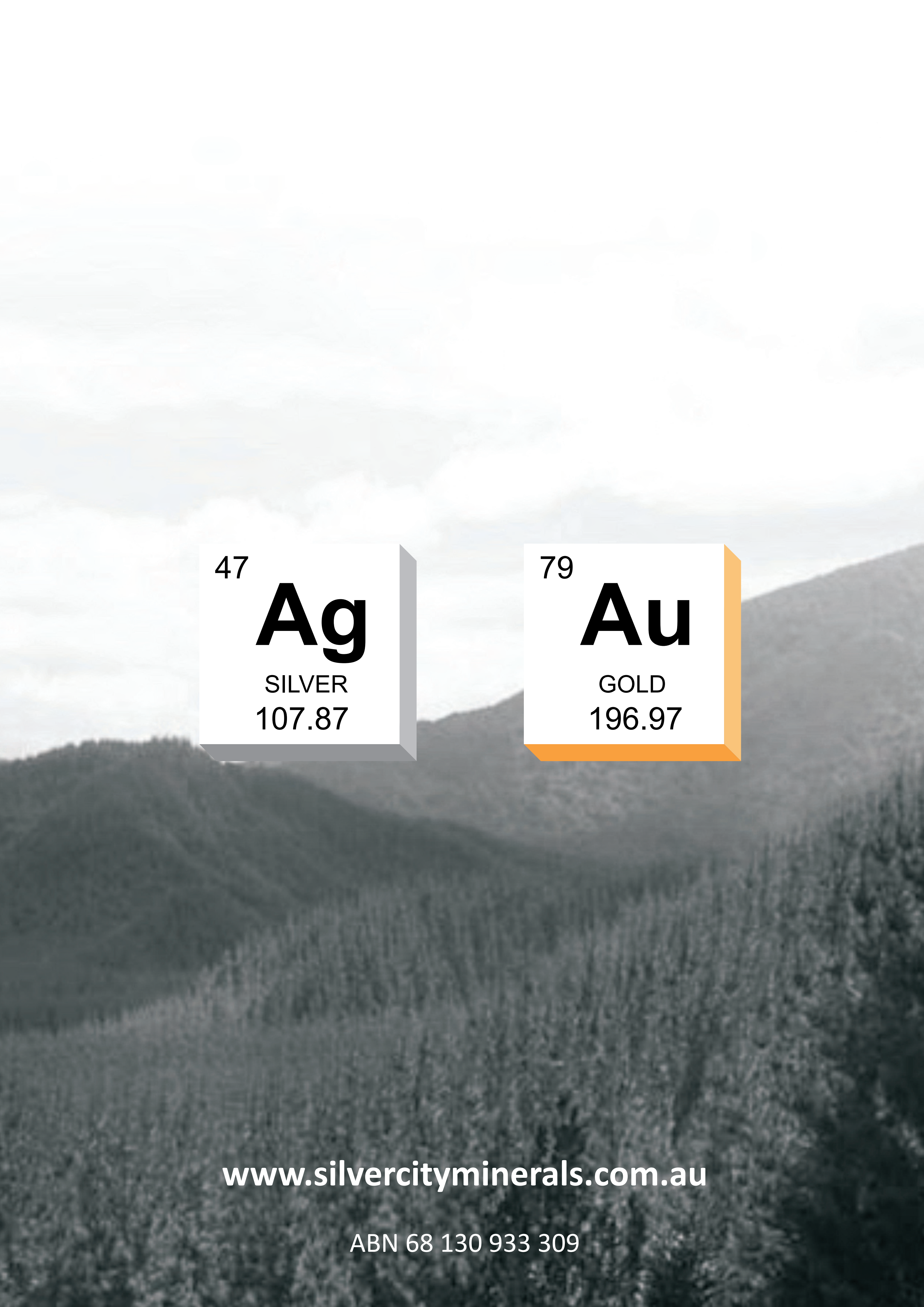
Silver City Minerals is committed to ensuring that its policies and practices reflect a high standard of corporate governance. The Board has adopted a comprehensive framework of Corporate Governance Guidelines.

The Group's Corporate Governance Statement can be viewed at: www.silvercityminerals.com.au/corporate/corporate-governance

Corporate Directory

Board of Directors	Robert Besley Non-Executive Chairman Christopher Torrey Managing Director Gregory 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 Office	Level 1, 80 Chandos Street St Leonards, NSW 2065 PO Box 956, Crows Nest NSW 1585 Telephone: 02 9437 1737 Fascimile: 02 9906 5233 Email: info@silvercityminerals.com.au Website: www.silvercityminerals.com.au
Share Registry	Boardroom Pty Limited GPO Box 3993 Sydney, NSW 2001 Telephone: 02 9290 9600 Website: www. boardroomlimited.com.au
Auditors	BDJ Partners Level 13, 122 Arthur Street, North Sydney, NSW 2060
Solicitors	Gadens Lawyers Skygarden Building, 77 Castlereagh Street, Sydney, NSW 2000
Bankers	Bankwest Commonwealth Bank Macquarie Bank
Securities Exchange Listing	Australian Securities Exchange ASX code: SCI
ACN	130 933 309

Back Photograph: ***Taupo Project New Zealand.***



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