



## **Annual General Meeting – 19th November 2015 Chairman’s Address to Shareholders**

Good morning and welcome to this Annual General Meeting of Silver City Minerals Limited.

The past year has seen a continued decline in commodity prices including base metals. This has placed further pressure on the junior explorers with an increasing number becoming inactive or unable to continue with their projects due to the inability to raise exploration funding. Many explorers have a market capitalisation below their cash backing. This situation is seeing a range of exploration and development projects become available.

Silver City Minerals has maintained an active exploration programme with a highly experienced team of geologists and this is recognised in the market with a positive share price above the cash position.

The Company has maintained its exploration focus on discovering Broken Hill type mineralisation within 50 kilometres of the world’s largest and highest grade zinc-lead-silver deposit. Silver City is well established as the leading explorer in the Broken Hill District. Its 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.

Notwithstanding the attractiveness of the Broken Hill district we have been spending a significant effort evaluating the emerging exploration and development opportunities resulting from the prolonged downturn we are currently experiencing. The Company aims to secure an advanced project that is capable of delivering a high quality base or precious metal deposit for early development into a recovering commodity market. The search for this project has been intensive and is ongoing, The ability to survive a sustained downturn with high quality projects has the potential to create a significant mining company.

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.

While it has been a tough market over the past year the Silver City team is excited about the potential of its projects and the opportunities available. We greatly appreciate the ongoing support and interest of all shareholders and look forward to a successful year ahead.

Bob Besley  
**Chairman**