

SILVER CITY MINERALS LIMITED

ABN 68 130 933 309

ASX Code: SCI

Silver City Minerals

First Lithium Explorer @Broken Hill

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Competent Person

Information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Christopher Torrey, who is the Managing Director and full-time employee and shareholder of Silver City Minerals Limited, and a Member of the Australian Institute of Geoscientists. 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 in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Torrey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Focusing on elements in global demand

- Broken Hill has long mining heritage – birthplace of BHP Billiton and Rio Tinto
- SCI has large tenement position at BH (≈ 1200 km²)
- Extensive zones of pegmatite within tenements
- Lithium is commonly found in pegmatites
- Lithium is the metal of the future – used in next gen battery technology
- More than just a one mineral explorer: SCI has promising zinc prospects
- Global zinc deficit expected from 2017 onwards

Company snapshot



Silver City Minerals (ASX: SCI)

Top 5 shareholders

Sentient Group	17.7%
Variscan Group	6.5%
HSBC Custody Nominees	4.0%
BNP Paribas Nominees	3.7%
RHB Securities Singapore	2.4%

Key metrics

Market cap (at 5 cents)	\$5.9m	Cash on hand	\$1m
52-week high	13¢	Top 20 shareholders	58%
52-week low	1.3¢	Shares on issue (No.)	116.3m
30-day average volume (to May 24)	6.5m	Unlisted Options	10.5m

Board of Directors



Bob Besley
Chairman

Geologist with over 40 years experience in mining and exploration. Founder and original Managing Director of CBH Resources Limited. Bob took that company from inception as a junior explorer to a large zinc, lead and silver producer with a peak market cap of \$600m. Currently Non-Exec Director KBL Mining Limited.



Chris Torrey
Managing Director

Geologist with over 35 years experience in international mineral exploration. Senior management and consulting roles with Cyprus-Amax, ASX-listed Golden Cross Resources, US-listed Golden Minerals and Apex Silver. Past Chairman of Golden Cross Resources.



Ian Plimer
Non-Executive Director

Ian Plimer was the inaugural Professor of Mining Geology (University of Adelaide) and Emeritus Professor of Earth Sciences at The University of Melbourne. Ian is considered to be the world expert on the geology of the Broken Hill orebody on which he has worked and published extensively for almost 50 years.



Greg Jones
Non-Executive Director

Greg is a geologist with 35 years exploration and mine operational experience. Senior management roles with Western Mining and Sino Gold. He currently holds directorships with ASX-listed companies; Moly Mines, Eastern Iron Limited and Thomson Resources. Greg is the Managing Director of Variscan Mines Limited.



Ian Hume
Non-Executive Director

Ian was a founding partner of The Sentient Group, a private equity fund specialising in global investment in the resources sector. Long career of investing in international mining and telecommunications, primarily in North and South America, Russia and the Pacific Rim.



Yanina Barila
Alternate Non-Executive Director

Yanina is an investment manager with The Sentient Group. Yanina brings international experience in the review and evaluation of mining and energy projects and her areas of expertise include financial modelling and equity research. She is a non-executive director of TSX-list Tinka Resources Limited.



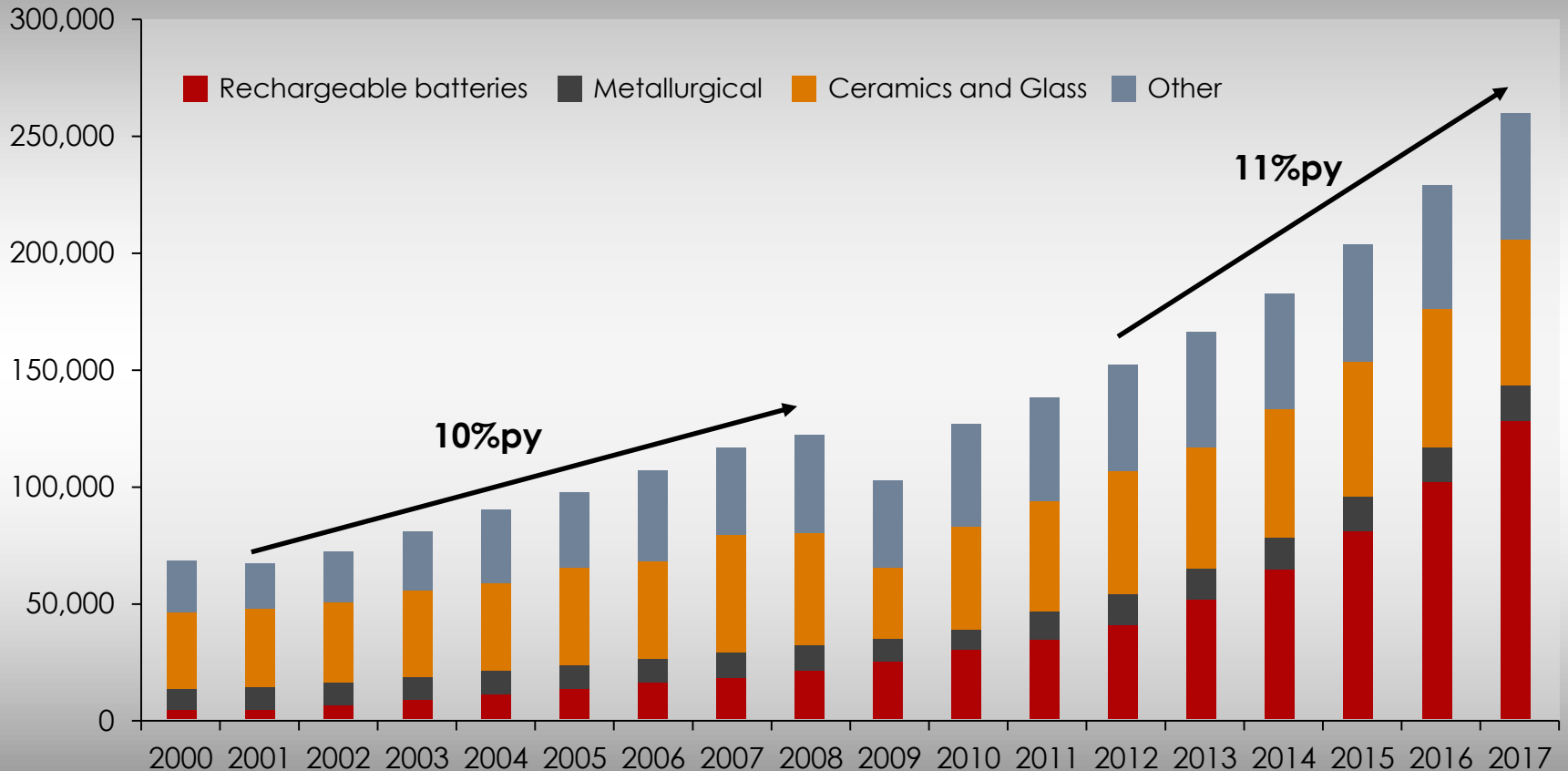
Lithium @ Broken Hill

Why Lithium is the metal of the future

- Electric vehicle sales growing rapidly and will account for 35% of all new car sales by 2040 (Bloomberg)
- Powerwall & growth of mobile devices also fuelling demand for batteries
- Lithium is a key component in next gen battery technology



Global Lithium demand



Source: Fox Davis Capital

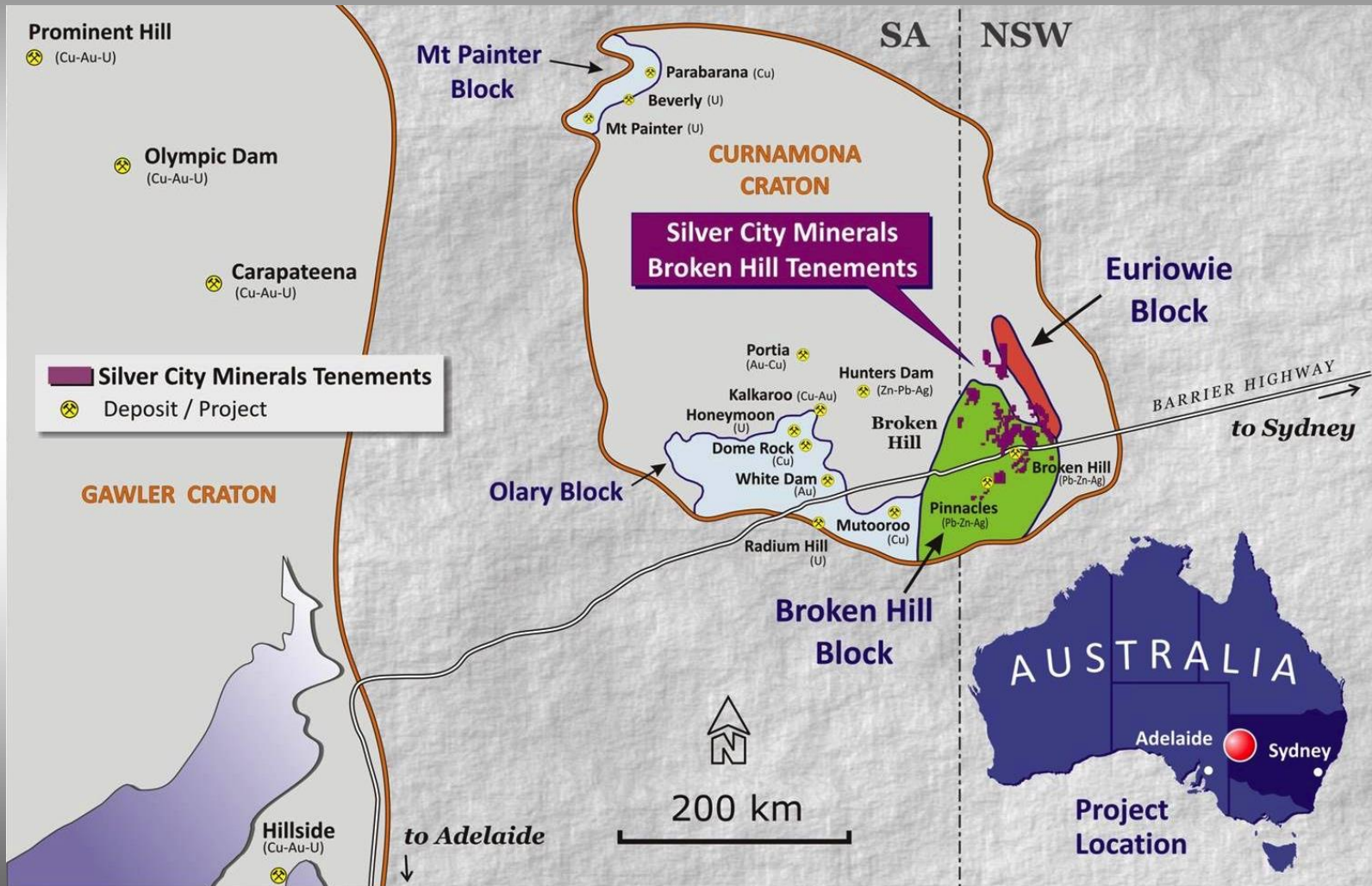
Pegmatite: key source of Lithium

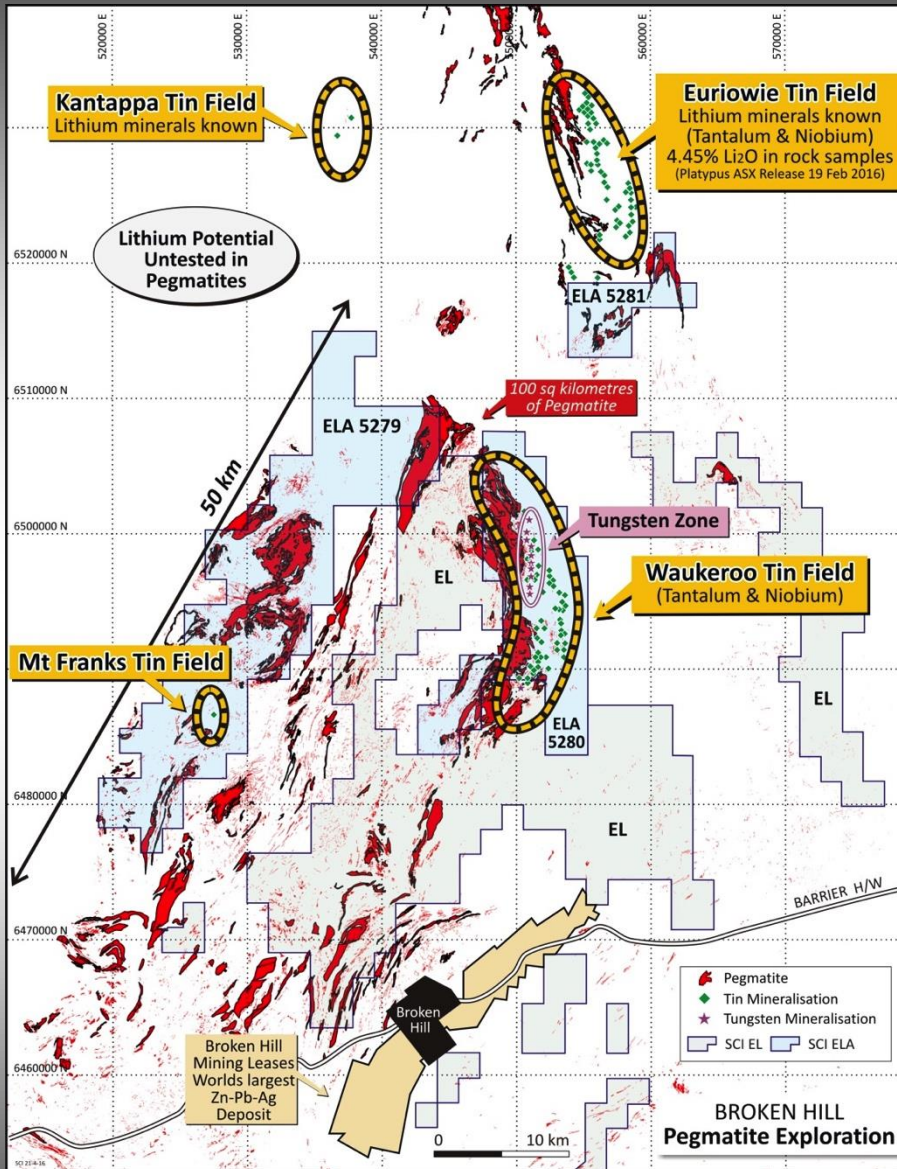


- A half of global supply of lithium comes from pegmatite
- NSW Geological Survey documents the presence of lithium in pegmatite @ BH
- SCI holds title to 11 granted exploration licences with three licence applications in place

View from Silver City tenement

Silver City minerals projects





Lithium

- 1200 square kilometres tenure
- 100 square kilometres of outcropping pegmatite
- Lithium minerals known
- No lithium exploration undertaken
- Euriowie & Kantappa tin fields host lithium minerals

What is known about lithium @ BH

- Lithium minerals occur in tin fields at Euriowie and Kantappa
- Spodumene, amblygonite, petalite, and lepidolite
- Indicator minerals: lithium-rich muscovite, caesium beryl, beryl, tourmaline, cassiterite, tantalite-columbite, fluorite and topaz
- Unique chemistry enriched in lithium, tantalum, niobium, caesium, beryllium, tin, rubidium and boron
- Preferentially associated with pegmatites intruded into rocks of low metamorphic grade (Sundown and Paragon Groups)

What is known about lithium @ SCI tenements

- Same geology as Euriowie and Kantappa
- Same tin fields
- Same indicator minerals
- Extensive tracts of preferential host rocks with intrusive pegmatites
- No exploration for lithium ever undertaken

METAMORPHIC ZONE

Zone of Lithium-rich pegmatites Broken Hill

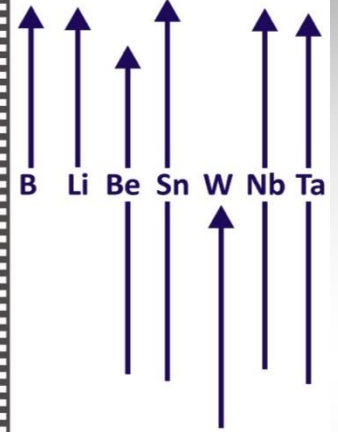
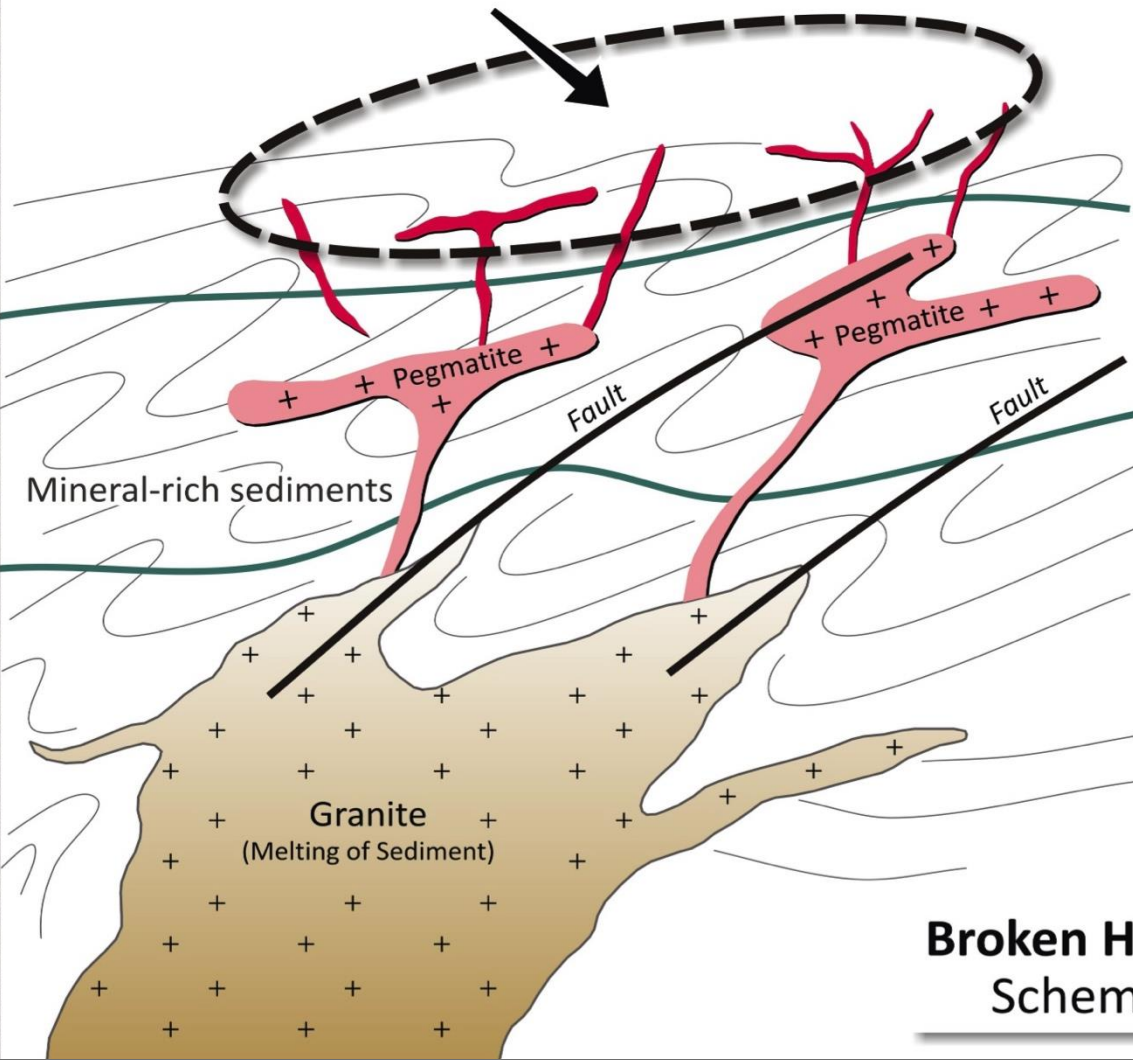
METALS

Decreasing temperature and pressure ↑

Greenschist

Amphibolite

Granulite



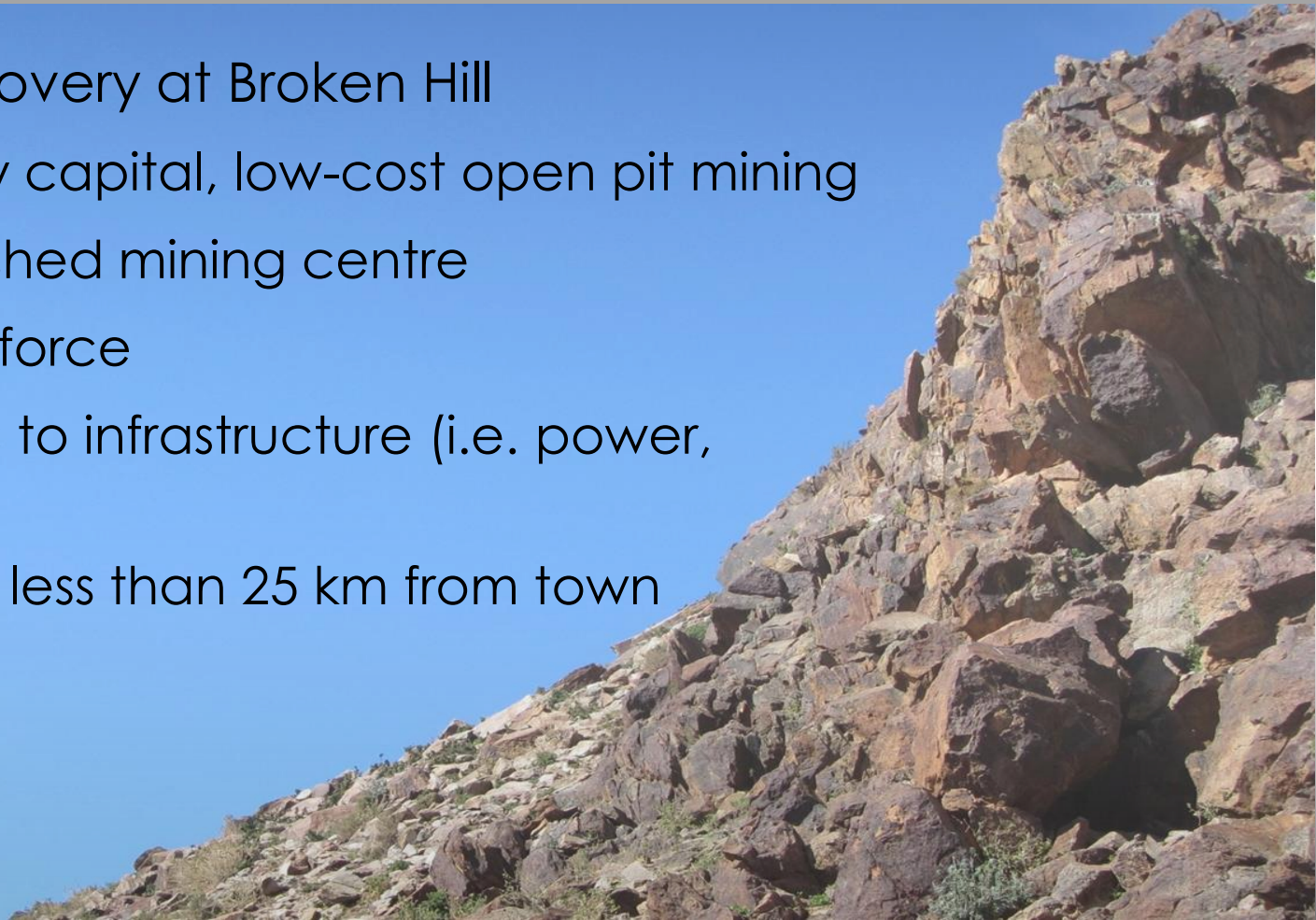
Broken Hill Pegmatites Schematic Model

SCI 14-5-16

Project highlights

A Lithium Discovery at Broken Hill

- Ideal for low capital, low-cost open pit mining
- Well established mining centre
- Ready workforce
- Easy access to infrastructure (i.e. power, rail, etc.)
- SCI projects less than 25 km from town



Peer comparison

Explorers	ASX Code	Market cap	Primary Mineral	12-month return
Silver City	SCI	\$5.9m	Li & Zn	108%
Lithium Australia	LIT	\$53.5m	Li only	218%
Dakota Minerals	DKO	\$44.4m	Li only	637%
Ardiden	ADV	\$28.0m	Li, C & Sn	344%
Metalicity	MCT	\$24.9m	Li & Zn	245%

Next steps

Work Program: Search for Spodumene

Item	Comment	Cost (\$)
Geophysics	Airborne multispectral survey exists already; use to identify spodumene in pegmatite	30,000
Geochemistry	Regional multi-element soil and rock surveys	150,000
Geology	Regional mapping fractionated pegmatites	100,000
Mineralogy	Field and XRD identification spodumene	50,000
Target Definition	Detailed prospect scale sampling	100,000
Drilling	First pass RC and diamond drilling.	450,000
	Total	880,000

Milestones next 12-months Lithium

- Results of extensive pegmatite sampling
- Identification of spodumene concentrations

June-July

- Access to Waukeroo Tin Field for detailed lithium evaluation; sampling, geological and mineral evaluation

Aug-Oct

- Drill assessment

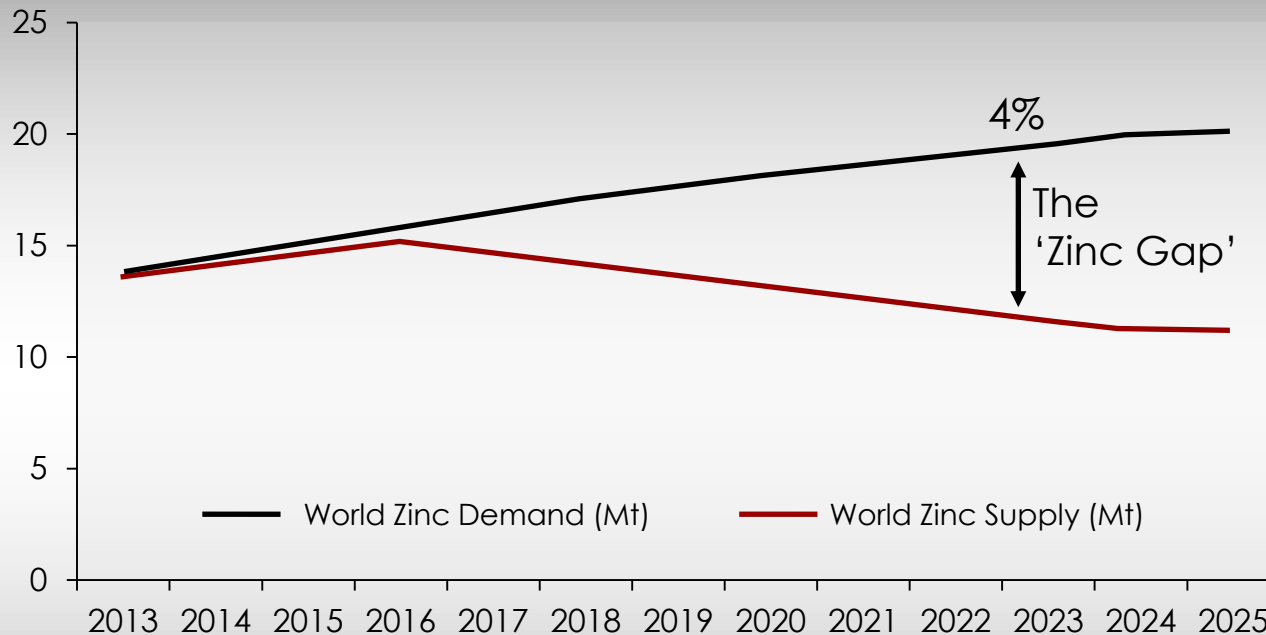
Nov



Zinc @ Broken Hill

Global Zinc demand supply forecast (Mt)

Mt of Zinc



Source: HDR | Salva

Increasing demand-supply gap forecast for Zinc

- Demand increasing
- Mines closing
- Limited new mine capacity to fill the gap

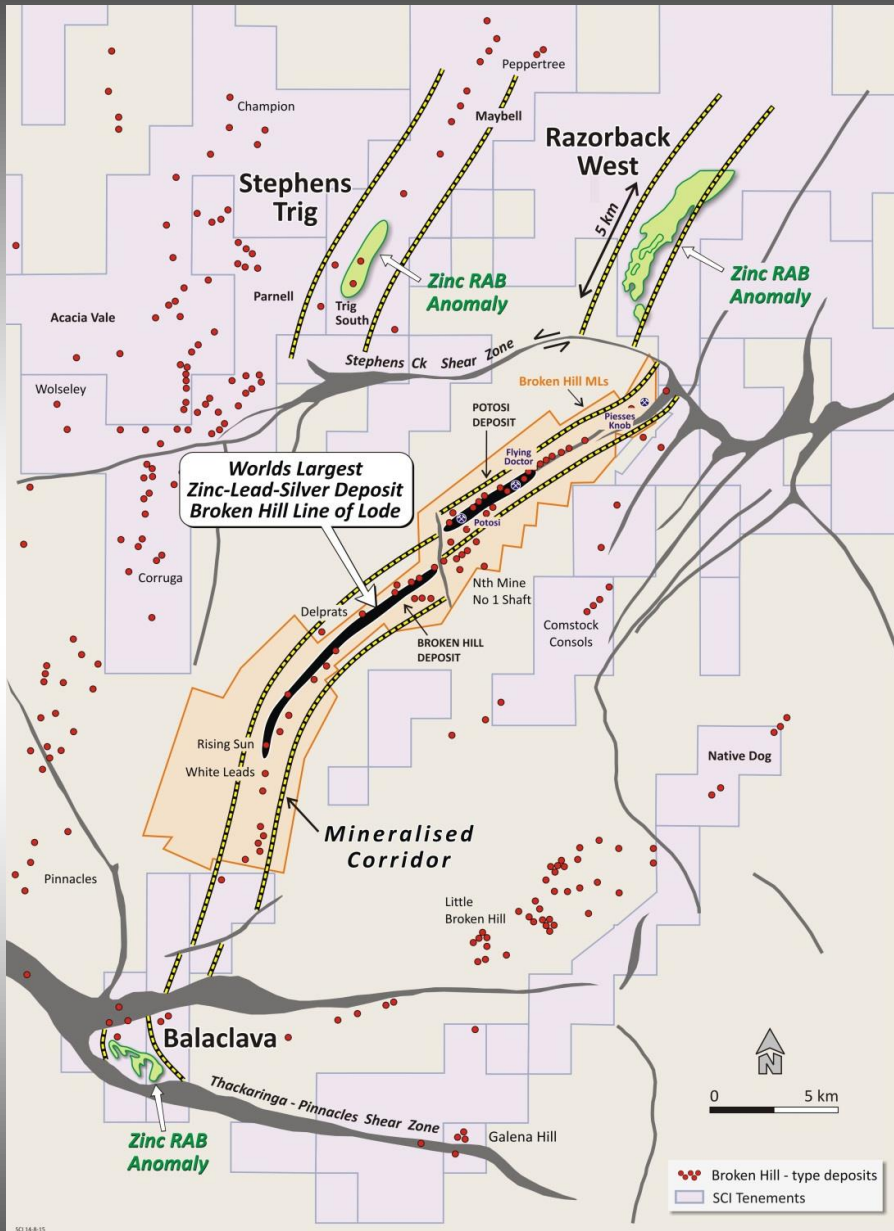
A new zinc discovery of typical high grade Broken Hill ore (+15% Zn+Pb) will fill a significant part of the shortfall

Silver City zinc projects

- Razorback West
- Stephens Trig
- Balaclava
- Yalcowinna West

All large zinc + lead anomalies

All under alluvial and soil cover



Zinc project highlights

- Large focused land tenure position
- Potential for high grade, giant base metal and silver-rich orebodies
- Focus on Razorback , Stephens Trig and Yalcowinna West
- New round of drilling commenced(Razorback, Yalcowinna West and Stephens Trig)
- Geophysical surveys at Balaclava

Future program snapshot Zinc

Project	Program	Activity
Stephens Trig	Follow-up of open-pit potential	Commenced in May Results June
Yalcowinna West	Testing new zinc anomaly	Commenced in May Results June
Razorback West	Testing geophysical and geology targets	Drilling July-August Results August-September

Summary

- Strong potential for new resources of lithium in spodumene-bearing pegmatites in Broken Hill district
- Silver City tenements highly prospective for spodumene
- Broken Hill: ready access to infrastructure and workforce
- Company-making opportunity in Zinc
- SCl attractively priced compared to other explorers
- Multiple milestones in next 12-months

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