



ASX ANNOUNCEMENT

19 August 2016

New Base Metal-Gold Target Cobar District

- **Silver City to drill high quality geophysical target, Cobar District**
- **Geological and geophysical similarities to Tritton Copper Mine**
- **New joint venture agreement**

Silver City Minerals Limited (ASX: SCI) (“Silver City” or “the Company”) is pleased to announce that it has entered into a farm-in and joint venture agreement with Thomson Resources Limited (ASX:TMZ) with respect to its Wilga Downs project located approximately 80 kilometres north of Cobar, New South Wales.

The agreement focuses on EL 8136, which hosts a strong and discrete, late-time electromagnetic conductor of the type that could be the geophysical signature of a significant copper sulphide accumulation.

The pedigree of the Cobar mining district suggests potential for high grade copper, lead, zinc and associated gold mineralisation.

The character of the conductor shows strong similarities to those that led to the discoveries of the Tritton and Mallee Bull deposits in the district (Figure 1).

Background

Thomson Resources has been exploring to the north of Cobar, predominantly within the Thomson Fold Belt since 2010. It has acquired tenure which hosts a variety of high quality and largely geophysical targets, many of which lie beneath a veneer of alluvium, soil and other regolith cover. Recently Thomson Resources focused its attention on tin deposits in NSW and invited Silver City to participate in the Wilga Downs prospect.

The Wilga Downs prospect is characterised by an elongate, east to northeast oriented magnetic anomaly 1.5 kilometres long and 400 metres wide. Limited outcrop suggests this lies sub-parallel to a regionally significant geological contact between old rocks of the Girilambone Group (Ordovician age) and younger rocks of the Cobar Supergroup (Devonian to Silurian age).

Many of the mines and mineral occurrence in the district are located at or near this regionally extensive contact. In many locations the contact is a major fault and the Rookery Fault is an important example (Figure 1).

An induced polarisation geophysical survey conducted in 1971 shows a strong chargeability anomaly largely coincident with the magnetic anomaly (Figure 3). Two holes were drilled in the western end of these anomalies by AMAX (1971) and CRA Exploration (1978). Both intersected broad zones of elevated lead, zinc and copper mineralisation (Table 1).

Drill logs document the presence of sulphide minerals sphalerite, chalcopyrite, galena, pyrite and pyrrhotite. In particular CRA Exploration noted a relationship between a metamorphosed basaltic (mafic volcanic) rock and mineralisation. This is a characteristic of the nearby Tritton copper deposit (Figure 2).

In 2014, Thomson Resources flew Versatile Time-Domain Electromagnetics (VTEM) over a large portion of the EL. This survey detected a number of conductors all of which might represent sulphide accumulations at depth. One in particular lies within the western part of the magnetic and IP anomalies (Figure 5). Preliminary modelling of this conductor suggested that it is flat lying and too deep to have been tested by historic drill holes. Thomson Resources followed this up with one north-south oriented line of ground EM which confirmed a strong conductor at depth (TMZ ASX Releases 17 September 2014 and 22 July 2015).

Work by Silver City

The Company plans to drill the project in September or October this year and has initiated more detailed ground electromagnetic and gravity surveys as a prelude to this work. Results from the gravity survey show that an anomaly (approximately 1 milligal) is similarly coincident with the magnetic anomaly (Figure 4).

What does this all mean?

The results so far indicate that, at depth, there is an elongate body of rock which has a higher density than the surrounding rocks. It is also magnetic and contains a similarly elongate zone of sulphide-bearing material. The sulphide-bearing mafic volcanic rock intersected in drilling is possibly the source of this large geophysical anomaly. Our interest lies in the similarity of this rock to those encountered at the Tritton copper mine and the fact that drilling already indicates it to be mineralised (Figure 2).

What is not explained to date is the strong EM response on the western end of the larger anomaly. This conductor is likely to contain a more significant accumulation of sulphide than intersected to date and requires further drill testing. The potential for an accumulation of copper sulphides like Tritton is considered to be a strong possibility. Tritton mineralisation was a buried orebody (160 to 400 metres below surface), responded well to ground EM surveys and is often cited as a significant geophysical discovery.

Results from a high resolution and more detailed moving loop ground electromagnetic (MLEM) survey will be available soon.

Agreement

Silver City can earn an 80% interest in the project by spending \$800,000 over four years. The Company has agreed to spend a minimum of \$100,000, including 350 metres of drilling before it can withdraw. Once Silver City has earned its 80% interest it will free-carry Thomson Resources until commencement of a definitive feasibility study when both companies will contribute to expenditures prorata.

SILVER CITY MINERALS LIMITED



Christopher Torrey
Managing Director

ABOUT Silver City Minerals Limited

Silver City Minerals Limited (SCI) is a base and precious metal explorer with a strong focus on the Broken Hill District of western New South Wales, Australia. It takes its name from the famous Silver City of Broken Hill, home of the world's largest accumulation of silver, lead and zinc; the Broken Hill Deposit. SCI was established in May 2008 and has been exploring the District where it controls Exploration Licences through 100% ownership and various joint venture agreements. It has a portfolio of highly prospective projects with drill-ready targets focused on high grade silver, gold and base-metals. The Company has also begun to assess the prospectivity of the district for lithium associated with pegmatites. The Company continues to seek out quality projects for exploration and development and has recently entered into a farm-in and joint venture agreement with respect to a base metal project in the Cobar mining district east of Broken Hill.

Caution Regarding Forward Looking Information.

This document contains forward looking statements concerning Silver City Minerals Limited. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Silver City's beliefs, opinions and estimates of Silver City Minerals as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future development.

Competent Persons

The information in this report that relates to Exploration Results is based on information compiled by Chris Torrey (BSc, MSc, RPGeo Mineral Exploration) 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.

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Table 1 Historic Drill Assays

Hole	From (m*)	To (m*)	Copper (ppm)	Lead (ppm)	Zn(ppm)
71W1	147.828	149.352	1300	600	270
71W1	149.352	150.876	640	40	66
71W1	150.876	152.4	330	46	130
71W1	152.4	153.924	1700	52	84
71W1	153.924	155.448	180	30	42
71W1	155.448	156.972	240	36	66
71W1	156.972	158.496	330	56	1000
71W1	158.496	160.02	150	52	460
71W1	160.02	161.544	500	46	240
71W1	161.544	163.068	1500	40	250
71W1	163.068	164.592	290	58	110
71W1	164.592	166.116	280	32	200
71W1	166.116	167.64	110	28	90
71W1	167.64	169.164	660	48	1400
71W1	169.164	170.688	290	58	1700
71W1	170.688	172.212	330	42	4700
71W1	172.212	173.736	160	38	3400
71W1	173.736	175.26	74	22	100
71W1	175.26	184.404	210	22	1300
71W1	184.404	185.928	320	46	1600
71W1	185.928	187.452	220	40	3500
71W1	187.452	188.976	500	54	1000
71W1	188.976	190.5	300	110	4400
71W1	190.5	192.024	320	64	7000
71W1	192.024	193.548	100	320	1300
71W1	193.548	195.072	200	28	3500
71W1	195.072	196.596	320	30	1200
71W1	196.596	198.12	420	30	600
78WD01	220.3	221.3	140	310	790
78WD01	221.3	222.3	230	220	540
78WD01	222.3	223.3	56	90	120
78WD01	223.3	224.3	72	69	730
78WD01	224.3	225.3	110	550	610
78WD01	225.3	226.3	520	3900	3200
78WD01	226.3	227.3	720	5200	4000
78WD01	227.3	228.3	590	410	2500
78WD01	228.3	229.3	120	41	135
78WD01	229.3	230.3	86	20	240
78WD01	230.3	231.3	72	29	770
78WD01	231.3	232.3	150	440	770
78WD01	232.3	232.8	72	980	930
78WD01	232.8	233.3	56	54	160
78WD01	233.3	234.5	52	17	65

Note: * In Hole 71W1 downhole intervals are direct conversions from original feet measurements.

ANNEXURE 1

Figures

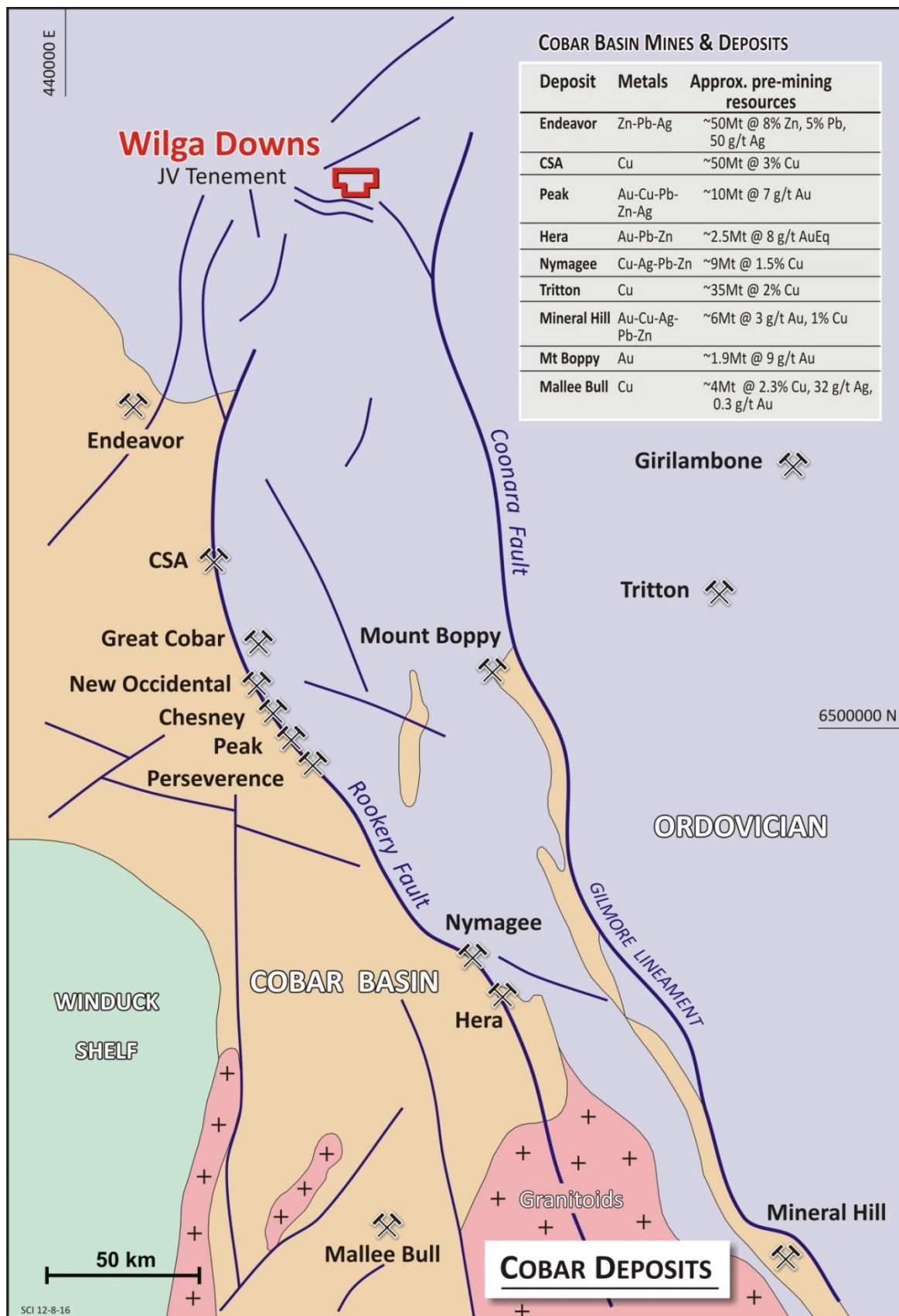


Figure 1. Mines and mineral deposits in the Cobar District. Location of the Wilga Downs exploration licence.

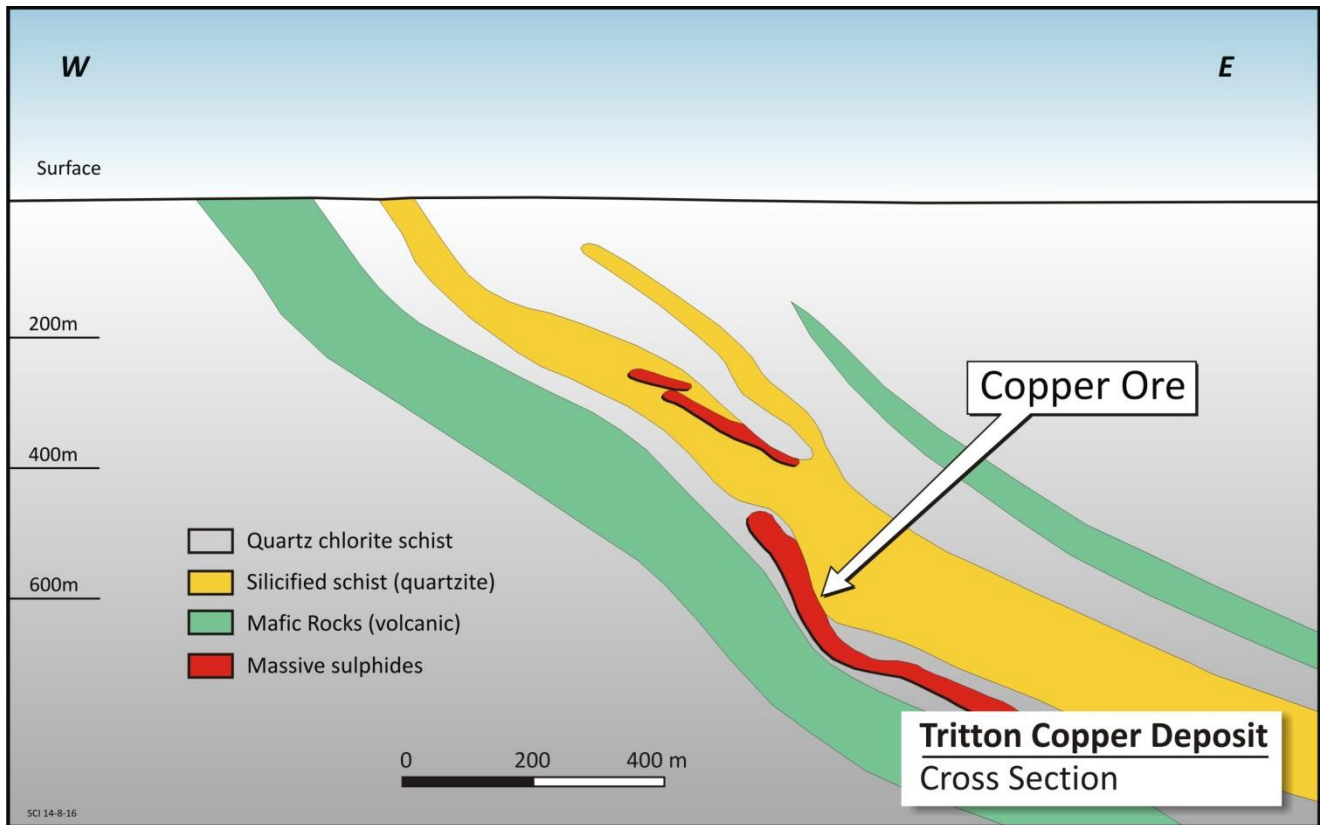


Figure 2, Schematic cross-section through the Tritton Deposit showing the location of mafic volcanic rocks in relation to ore. (Modified from Collins 2015; www.smedg.org.au/Collins_Tritton_Mallee%20Bull_April2015.pdf). Resources published in 2006 indicated an inventory of 14 million tonnes at 2.7% Cu, 0.3g/t Au and 12g/t Ag (<http://www.smedg.org.au/Erceab.pdf>) After 10 years of mining recent information to 30 June 2016 documents total resources of 11 million tonnes at 1.5% Cu (Aeris Resources ASX Release 16 August 2016)

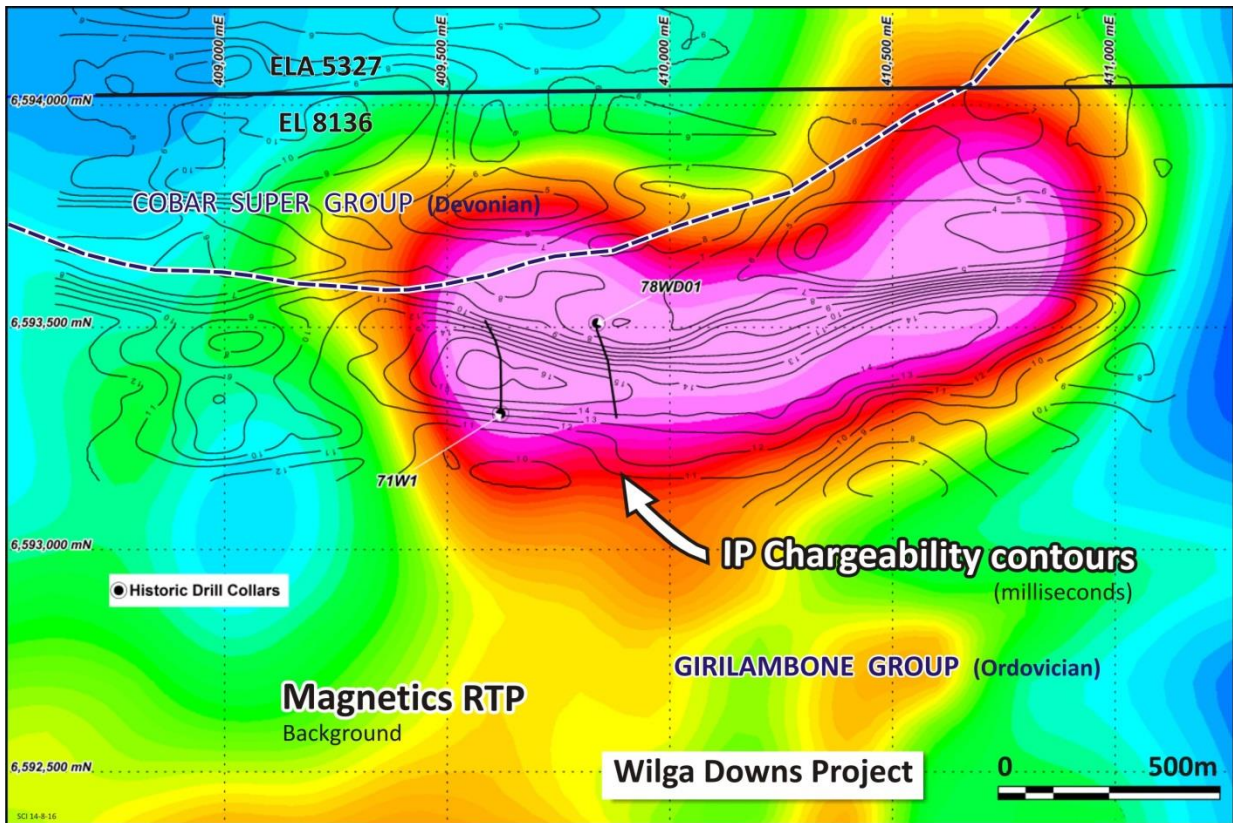


Figure 3. Wilga Downs geological setting and reduced to pole magnetics with induced polarisation contours superimposed. Shows strong coincidence of chargeability with magnetic rocks.

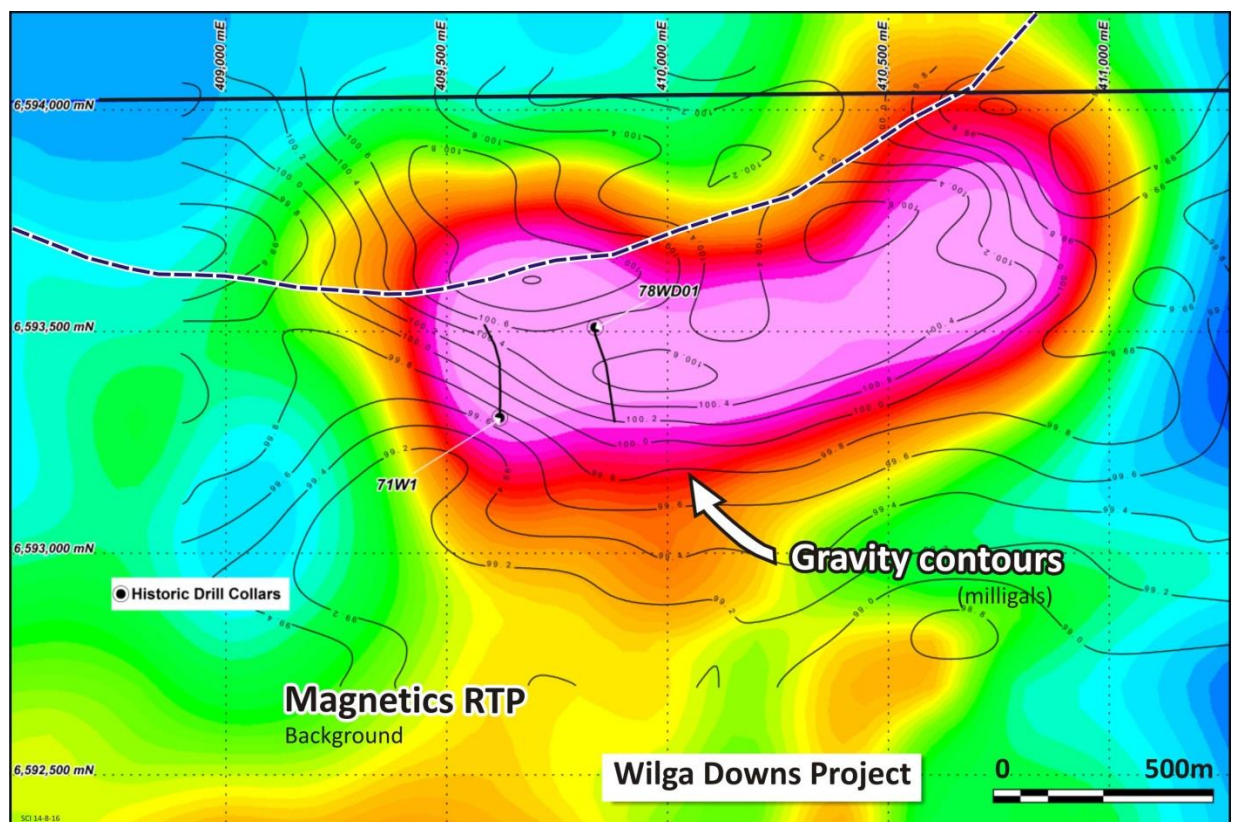


Figure 4 Wilga Downs magnetics with superimposed Bouguer gravity showing correlation of high magnetic response and high gravity response.

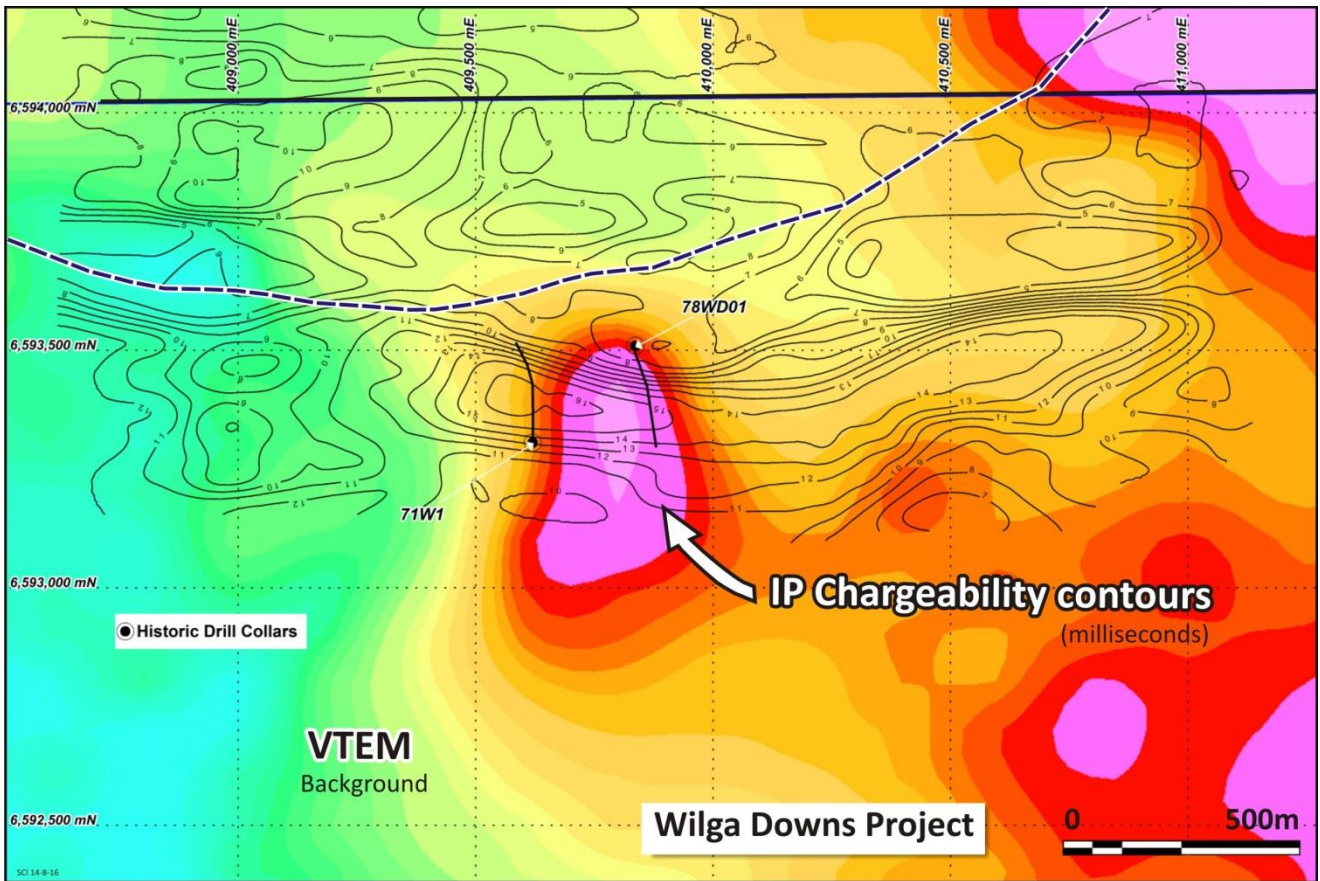


Figure 5. Wilga Downs showing VTEM anomaly and IP chargeability contours. The VTEM anomaly is not explained by the historic drilling.

Annexure 2

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	<ul style="list-style-type: none"> With respect to historic diamond drill holes the nature and quality of the sampling is unknown. However both drill holes were undertaken by reputable companies who would have used best practices at that time. No references are made to the representability The AMAX hole was sampled in 5 foot intervals and the CRAE holes in 3 metre intervals These data are only Material to this Public Report in that they give an insight into the level of base metals in the old holes.
Drilling techniques	<ul style="list-style-type: none"> Both holes report use of diamond drilling producing NQ and BQ core.
Drill sample recovery	<ul style="list-style-type: none"> Core recoveries were measured Variable recoveries from 45 to 100% were recorded in the AMAX Hole down to approximately 100m, then 100% was recorded to end of hole. The CRAE recorded 90 to 100% recoveries. No relationship between recovery and grade was documented
Logging	<ul style="list-style-type: none"> Logging was descriptive and of high quality and likely to support a Mineral Resources Estimation. Logging was qualitative and the entire holes were logged.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> AMAX do not document how core was sampled. CRAE document sampling by bench-mounted grinder. Amax sampled part of the hole in 5 foot intervals and CRAE sampled in 3 metre intervals with later sampling of anomalous zones at 1 metre intervals. No reference is made to duplicates or standards. The size of the sample is appropriate.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> AMAX indicate the use of nitric perchloric acid digest and AAS, CRAE do not report analytical technique.
Verification of sampling and assaying	<ul style="list-style-type: none"> No verification was reported
Location of data points	<ul style="list-style-type: none"> Holes are located by GPS in recent field visits and are estimated to be within 15m accuracy (GDA94 MGA Zone 56) Topographic control used is Shuttle Radar Topography Mission (SRTM) data.
Data spacing and distribution	<ul style="list-style-type: none"> Sufficient numbers of samples have been collected from core to give a representative geochemical response for zones of mineralisation. The sample spacing and distribution downhole spacing and distribution would be sufficient for future Mineral Resource and Ore Reserve estimation. Sample compositing has not been recorded
Orientation of data in relation	<ul style="list-style-type: none"> Both holes were oriented perpendicular to geophysical anomalies

Criteria	Commentary
to geological structure	<ul style="list-style-type: none"> Both holes document structures at low angles to core axis No sampling bias is documented
Sample security	<ul style="list-style-type: none"> Not recorded
Audits or reviews	<ul style="list-style-type: none"> None are recorded

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary																		
Mineral tenement and land tenure status	<ul style="list-style-type: none"> The project lies within EL 8136 held by Thomson Resources and managed by Silver City Minerals as part of a farm-in and joint venture agreement. An access agreement is in place and Native Title does not apply. No impediments to operate are known. 																		
Exploration done by other parties	<ul style="list-style-type: none"> Exploration conducted in the past by AMAX and CRAE is considered to be of high quality. More recent geophysical surveys by Thomson enable good geo-referenced data control. 																		
Geology	-																		
Drill hole Information	<table border="1"> <thead> <tr> <th>Hole</th> <th>MGA E (m)</th> <th>MGA N (m)</th> <th>AZ (degrees)</th> <th>Elevation (m)</th> <th>Dip (degrees)</th> </tr> </thead> <tbody> <tr> <td>71W1</td> <td>409620</td> <td>6593305</td> <td>357</td> <td>171.3</td> <td>-50</td> </tr> <tr> <td>78WD01</td> <td>409836</td> <td>6593509</td> <td>180</td> <td>169.2</td> <td>-55</td> </tr> </tbody> </table> <ul style="list-style-type: none"> All analytical data for hole 71W1 is included in this report. Only 1 metre re-assays for hole 78WD01 are included as these depict the most significant mineralised portion of the hole. The purpose of reporting these holes is to give the reader an insight as to the level of mineralisation so far encountered in the prospect. 	Hole	MGA E (m)	MGA N (m)	AZ (degrees)	Elevation (m)	Dip (degrees)	71W1	409620	6593305	357	171.3	-50	78WD01	409836	6593509	180	169.2	-55
Hole	MGA E (m)	MGA N (m)	AZ (degrees)	Elevation (m)	Dip (degrees)														
71W1	409620	6593305	357	171.3	-50														
78WD01	409836	6593509	180	169.2	-55														
Data aggregation methods	<ul style="list-style-type: none"> No weight averaging has been reported. No short lengths have been reported to be aggregated No metal equivalent has been reported. 																		
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> The relationship between mineralisation intercepts and intercept lengths is not reported and is considered unknown. Only downhole lengths are reported, true widths are unknown. 																		
Diagrams	See annexure 1																		
Balanced reporting	<ul style="list-style-type: none"> High and low grades are reported 																		
Other substantive exploration data	<ul style="list-style-type: none"> All available information of significance has been included in this or previous reports by Thomson Resources. A gravity survey was conducted in August 2016. Sample lines were 200m apart, oriented north – south with reading every 100m. Instruments used included a LaCoste and Romberg Model G gravity meter and Trimble SPS880 Extreme Smart GSP. Survey has been completed to industry and government reporting standards. 																		
Further work	<ul style="list-style-type: none"> Ground electromagnetic surveys and drilling are planned. 																		