SILVER CITY MINERALS LIMITED

Quarterly Report June 2016

ASX Code: SCI

Issued Shares: 158.6M
Unlisted Options: 10.5M
Cash Balance: $2.5M
ABN: 68 130 933 309

DIRECTORS

Bob Besley
Chris Torrey
Ian Plimer
Greg Jones
Ian Hume

TOP SHAREHOLDERS

(At 10 July 2016)

Sentient Group:	13.0%
Variscan Mines:	4.3%
HSBC Custody Nominees	2.9%
BNP Paribas Nominees	2.9%
RHB Securities Singapore	2.7%
Top 20:	41.3%

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HIGHLIGHTS

Lithium

- Lithium exploration commences at Broken Hill
- First ever systematic assessment for lithium in the District
- Early results show lithium enrichment in association with tin deposits
- Extensive sampling program underway
- Broken Hill infrastructure will greatly enhance a new lithium discovery in the district

Zinc-Lead-Silver

Stephens Trig Drilling

A total of seven holes were completed to test for open pit potential.

- 32 metres at 1.30% zinc and 0.25% lead including **5 metres at 5.35% zinc and 0.66% lead**
- 11 metres at 1.43% zinc and 0.09% lead including **1 metre at 7.30% zinc and 0.04% lead**

Yalcowinna West Drilling

Anomalous zones of zinc were encountered in oxidised rocks close to surface. The RAB anomaly has not been fully explained. Detailed follow-up planned.

OUTLOOK

- Lithium results from extensive sampling of pegmatites will become available over the coming months.
- Razorback West drilling targeting zinc-rich massive sulphide is scheduled to start in September
- An electromagnetic survey to define drill targets at Balaclava will also be conducted in September

OPERATIONS

New South Wales Projects

Broken Hill

During the Quarter, in addition to its base metal and silver exploration, SCI commenced a new initiative to explore for lithium hosted in pegmatites (ASX Releases 11 May 2016 and 3 June 2016). While Broken Hill is well known for its base metal endowment, little or no work has been undertaken in the search for lithium resources despite well documented occurrences of lithium minerals in the Euriowie tin field. The Company is of the view that a discovery of lithium-bearing spodumene resources at Broken Hill could be developed quickly because infrastructure, a work force and mining services are all well established in the area.

The drilling at Stephens Trig and Yalcowinna West and the lithium sampling programs suffered significant delays in May-June due to intense rain storms. Drilling has now been completed and SCI has commenced systematic sampling of pegmatites in the district. Early indications confirm that lithium enrichment occurs in close proximity to historic tin fields.

Base Metals Exploration

Stephens Trig (EL 8075)

Work by SCI showed that the up-plunge positions of the East2 and Main lodes from surface to a depth of 100 metres had not been sufficiently tested by drilling. Preliminary economic modelling of up-plunge, hypothetical lodes was sufficient to suggest that, if grades and thicknesses are consistent with other intersections, there is potential for open pit ore.

This project, 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 trucked to one of two beneficiation mills currently operating at Broken Hill.

During the Quarter SCI drilled seven reverse circulation holes to test this concept. Significant results of this work are summarised in Table 1 and Figures 3, 4 and 5. Drill specifications are outlined in Table 2.

Table 1. Stephens Trig Drilling Significant Intersections

Hole No	From (metres)	Intercept (metres)	Zinc (%)	Lead (%)	Comments
16SCG015	12	9	0.21	0.11	0.1% Zn cut-off; partially oxidized
16SCG017	9	5	0.21	0.37	0.1% Zn cut-off; partially oxidised.
16SCG018	4	17	0.47	0.07	0.1% Zn cut-off; partially oxidised
16SCG019	14	32	1.30	0.23	0.1% Zn cut-off; Partially oxidised above 32m
including	25	21	1.92	0.35	0.1% Zn cut-off; Partially oxidised above 32m
including	41	5	5.35	0.66	1% Zn cut-off; sulphide
and	78	2	2.16	1.18	1% Zn cut-off; sulphide
16SCG020	11	20	1.38	0.25	1% Zn cut-off; partially oxidised above 29m
16SCG021	25	11	1.43	0.09	Geological interval; partially oxidised above 29m
Including	31	1	7.30	0.04	sulphide

Note: Holes 15 to 19 were reported previously; ASX Release 10 May 2016.

Table 2. Drill Hole Specifications Stephens Trig

Drill Hole	MGA East (m)	MGA North (m)	Elevation (m)	Declination (degrees)	Azimuth (degrees)	Total Depth (m)
16SGC015	545715	6478971	270	-60	125	76
16SGC016	545635	6478900	270	-60	128	76
16SGC017	545609	6478915	270	-60	125	70
16SGC018	545596	6478804	270	-60	123	58
16SGC019	545463	6478715	270	-60	122	101
*16SGC020	545407	6478694	270	-60	125	39
**16SGC021	545401	6478698	270	-60	125	118
**hole abandoned at 39m due to drill equipment failure. **re-drill of 16SGC020 to target depth*						

Comment on Results Stephens Trig

The shallow drilling program at Stephens Trig was designed to assess the potential for open-pit ore in the up-plunge position of known lode horizons. The program confirmed the existence and the continuity of the lodes but mineralisation is generally low grade, of insufficient thickness and significantly oxidised. These negative features suggest limited open-pit potential for this part of the prospect.

The Stephens Trig mineralised zone (including Trig South 1 kilometre to the southwest) still remains one of the largest and poorly exposed Broken Hill-type mineralised zones outside the Broken Hill line of lode. The mineralisation extends to the southwest of recent drilling and remains poorly explored. SCI plans to conduct further detailed work, including rotary air blast (RAB) and geological modelling in order to assess potential for ore shoots.

Acacia Vale (EL 7300)

Twenty RAB holes were completed in order to test versatile time domain electromagnetic anomalies (VTEM) under alluvial cover at Acacia Vale. The work returned no significant results nor were altered rocks or mineralisation identified. It is considered likely that the VTEM survey may have been responding to conductive, saline ground waters in the overlying alluvium.

Razorback West (EL 8077)

One hundred and thirty RAB holes were drilled on the western margin of the Razorback West project area to test induced polarisation chargeability anomalies and lead geochemical anomalies beneath alluvial cover. Results confirm extensions to lead geochemical anomalies which provide targets for future drilling.

A drill test of this project, originally planned for July-August, has been re-scheduled for September in order to comply with a request from the landowner. SCI has applied for assisted funding of the program as part of the NSW government New Frontiers program. The Company has been advised by the government, that final decisions on this funding have been postponed until late July.

Yalcowinna West (EL 8078)

During the Quarter two reverse circulation (RC) holes were completed as a first pass test of a RAB geochemical anomaly outlined by SCI in April this year. A total of 69 RAB holes were completed and further delineated a northwest striking zinc

anomaly in excess of 1000ppm zinc, over an area of some 300 metres by 100 metres (Figure 6). The RAB drilling intersected gossanous, quartz-rich rocks with blue quartz and gahnite typical of 'lode' rocks associated with Broken Hill-type (BHT) zinc-lead-silver mineralisation.

The two RC holes (total of 248m), were drilled to test for mineralisation beneath the zinc anomaly. Low grade zinc mineralisation was intersected (Table 3). Preliminary interpretations suggest that this may either be low-order mineralisation, distal from more significant source at depth or mineralisation transported in the near-surface oxidised environment. Whatever the source, SCI drilling has failed to explain the cause of the RAB anomaly and more evaluation including detailed RAB work is required.

Mineralisation in both holes is in the immediate hanging wall to amphibolite, which is a different geological setting to mineralisation intersected in historic holes where records show an intersection of 14 metres at 0.44% zinc occurs.

Table 3. Yalcowinna West Zinc Mineralised Intersections

Hole No	From (metres)	Intercep (metres)	Zinc (%)	Comments
16YW001	3	9	0.16	partially oxidized
16YW002	13	14	0.26	partially oxidised.

Table 4. Yalcowinna West Drill Hole Specifications

Drill Hole	MGA East (m)	MGA North (m)	Elevation (m)	Declination (degrees)	Azimuth (degrees)	Total Depth (m)
16YW001	572326	6486167	200	-60	235	118
16YW002	572339	6486119	200	-60	233	130

Balaclava (EL 8076)

A new interpretation, which combines our recent drilling and historic drill data, suggests the presence of the upper parts of the Broken Hill Group stratigraphy located 400 to 500 metres to the north of our recent targets. The upper parts of this geological sequence host many of the significant ore shoots at Broken Hill. Coincident with this area is an undrilled, late-time, fixed loop Sirotem (electromagnetic) anomaly suggestive of sulphide at 100 to 150 metres depth. Unfortunately the old geophysical data is not well georeferenced. In order to re-establish the exact location of this anomaly, a new modern ground electromagnetic survey is required. A survey has been scheduled for September to coincide with drilling at Razorback West.

Lithium Exploration

Background

For some time the board of Silver City Minerals has taken an interest in the developments in the lithium industry with regard to advances in technology, the rising demand and pricing of lithium carbonate and the potential sources for the metal. There is strong interest in pegmatite as a source rock for lithium. Currently 50% of the world's lithium is produced from pegmatite; notably from the Greenbushes mine in Western Australia.

The Company was aware that significant bodies of pegmatite occur throughout its Broken Hill tenements. An in-house study showed that there are approximately 100 square kilometres of outcropping pegmatite with the SCI tenure,

representing some 8% of the total area of the tenements. In addition, the Company knew that, in a tin-rich province to the north of its tenements (the Euriowie tin field), lithium minerals had been documented by the NSW Geological Survey and had recently been sampled. A recent report by an ASX-listed company Platypus Resources indicated samples from this area returned almost 4.5% Li2O (19 February 2016). A geologically similar tin-field (Waukeroo) occurs with SCI tenements but no exploration for, or documentation of lithium minerals had ever been made.

Within the Euriowie tin field, lithium minerals occur in association with tin, tantalum, niobium and beryllium minerals. This is a common association and a feature of lithium deposits which have a unique chemical signature including lithium, tin, tantalum, niobium, beryllium, gallium, thallium, caesium and rubidium.

The Euriowie and Waukeroo tin fields are considered to be fault-offset equivalents separated by a block of younger sediments. The Euriowie field is known to be anomalous in tin, lithium, niobium, beryllium and tantalum. While the Waukeroo field is known to host anomalous tin, tantalum, niobium and rubidium, no analytical work had been conducted to assess the presence of lithium (ASX Release 3 June 2016). By analogy the Waukeroo tin field, located in in the SCI ELA 5280, is likely to contain lithium minerals. No systematic sampling had been undertaken to show this. Until SCI began its recent study, pegmatites in the district had never been systematically sampled for lithium nor had studies been conducted to specifically identify lithium-bearing minerals.

Work Program

Sampling and Geology

The sampling of 100 square kilometres of outcropping pegmatite is a major undertaking especially in some of the more rugged and less accessible areas of the Barrier Ranges. The Company plans to sample up to 2000 sites. Heavy rains initially delayed the start of the program however systematic sampling began mid June 2016 and at the time of writing some 300 sites had been visited, sampled and geologically documented. Pegmatite samples from these localities have been despatched to the laboratory for analyses.

In addition, resampling of old drill chips from a tungsten and tin-enriched zone with the Waukeroo tin field has been undertaken (116 samples). These samples were collected from a storage facility at Broken Hill, primarily to assess the lithium content of tin-tungsten zones in moderate grade metamorphic rocks.

In order to prioritise samples to be sent for laboratory analyses, SCI is using a hand held Laser Induced Breakdown Spectrometer (LIBS) calibrated for lithium. This machine, used on site at Broken Hill, allows for rapid qualitative analyses of minerals (mainly feldspar and mica) in the pegmatites. A hand held XRF machine is used to assess other elements.

Geophysics

A large airborne spectrometry survey (HyMapTM) was conducted over the Broken Hill district in March 2002. Recent work by other companies exploring for lithium suggest there may be potential to use this type of survey to locate the mineral spodumene within pegmatite bodies. SCI has engaged a specialist consultant to evaluate this.

Results

At the time of writing, SCI had received laboratory results for 24 surface pegmatite samples and 116 drill chip samples. Summary results are tabulated below into three geological categories; surface rock chip samples from pegmatite in low grade metamorphic rocks, surface rock chip samples from pegmatites in high grade metamorphic rocks and drill hole data from tin-tungsten drilling in moderate grade metamorphic rocks. Drill chips show good correlation between lithium

caesium, tin, and thallium. Rock chips within the southern part tin field show good correlation between lithium, gallium, niobium, tin and tungsten. Throughout the Waukeroo tin field historic exploration results show that indicator elements (rubidium, tin, caesium and niobium) are elevated and anomalous (ASX Release 3 June 2016).

Table 5. Summary statistics for preliminary sampling, classified by location

Location	Number of samples	Mean (ppm)	Median (ppm)	Maximum (ppm)
Surface; low grade metamorphism, inside south tin field	9	19.5	9.5	79
Drill Chips; moderate grade metamorphism , inside tin field	116	111	101	319
Surface; high grade metamorphism outside tin field	15	3.7	2.7	13.3

Comment

Results at hand represent a very small fraction (less than 1%) of the proposed program. The highest value returned for lithium was 319 ppm (or 0.07% Li2O). Despite the paucity of analytical data there is an indication that pegmatites associated with moderate to low grade metamorphic rocks host elevated lithium and these are generally associated with tin mineralisation. Indicator elements are also elevated and anomalous in these rocks.

In conclusion, whilst the analytical data available at present is sparse, preliminary work suggests a focus of lithium mineralisation in moderate to low grade metamorphic rocks in association with tin mineralisation.

Future Results

SCI is undertaking an extensive program of exploration to assess the potential for lithium. For this work to be effective a large quantity of samples need to be collected, processed and analysed. Significant results will be made available as they are received. Comprehensive reporting on the overall survey is likely to be available in September-October 2016.

About Lithium

Properties

Lithium is a soft metal, the lightest in the periodic table with a density of 0.534 g/cm3. It has a silvery white appearance that reacts immediately with water and air. Lithium (Li) has an atomic weight of 6.938 and is the third element in the periodic table. It also has the highest electrochemical potential of all metals. These properties provide very high energy and power densities for batteries.

Lithium is chemically active and does not occur as a pure element in nature, but is contained within stable minerals or salts. The concentration of lithium is generally low in nature and there are only a limited number of resources where lithium can be economically extracted.

Lithium and its chemical compounds exhibit a broad range of beneficial properties including:

- The highest electrochemical potential of all metals
- An extremely high co-efficient of thermal expansion
- Fluxing and catalytic characteristics
- Acting as a viscosity modifier in glass melts
- Low density

- Low atomic mass

Uses

Lithium is used extensively in the ceramics and glass making industry and is also used in steel and iron castings. The fastest growing use of lithium is in batteries. The advantages of the lithium battery compared to nickel-cadmium and a nickel-metal hydride battery is its higher energy density and lighter weight. A growing application for lithium batteries is as a power source for a wide range of electric vehicles and portable electronic devices.

Sources

Lithium-bearing pegmatites, such as those at Greenbushes in Western Australia account for about 50% of global production. There are three lithium minerals commercially mined today; spodumene, petalite and lepidolite. Spodumene is the most important given its high inherent lithium content (approximately 8%). Grades of greater than about 0.6% Li (1.5% Li2O) are generally required for commercial operations. Exploration by SCI at Broken Hill is focussed on finding spodumene.

Lithium is also found in commercial quantities in some continental brine deposits of volcanic origin, and in desert areas in playas and saline lakes where lithium has been concentrated by evaporation. These range in concentration from Clayton Valley, USA, at 0.02% Li to Salar de Atacama in Chile, with 0.14% Li. The process of extracting the lithium from brines involves pumping, evaporation and chemical extraction. Nearly one half of the world's lithium supply comes from brine production in Chile and Argentina.

CORPORATE

On 30 May 2016 the Company announced that it had completed a share placement which raised $825,000 before costs at an issue price of 4.5 cents per share (Placement). Placement participants will also receive a 1 for 2 free attaching option exercisable at 6.7 cents with a 3 year expiry.

On 30 May 2016 the Company also announced share purchase plan (SPP) to eligible shareholders at the same price as the Placement, however without the free attaching options. The SPP closed on 27 June 2016 and resulted in a total amount raised of $1,117,500 before costs.

A general meeting of shareholders will be held on 21 July to ratify the issue of the Placement shares and to seek approval for the issue of the options pursuant to the Placement.

Net operating expenditure for the Quarter was $398k. This included $333k on projects, $124k on administration, $30k paid for tenement security deposits, offset by $9k received in interest income and $80k received from JV and consulting income. Cash on hand at the end of the Quarter was approximately $1.5 million. However additional funds raised (as outlined above) leave the Company with approximately $2.5 million in available funds. The company continues to review and implement reductions in operating costs to maximise funds available for exploration and other opportunities.

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 focused 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, and a pipeline.

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 Person

The information in this report that relates to Exploration Results is based on information compiled by Christopher 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 relevant to the styles of mineralisation and type of deposits under consideration and to the activity 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 this information in the form and context in which it appears.

ANNEXURE 1
Diagrams

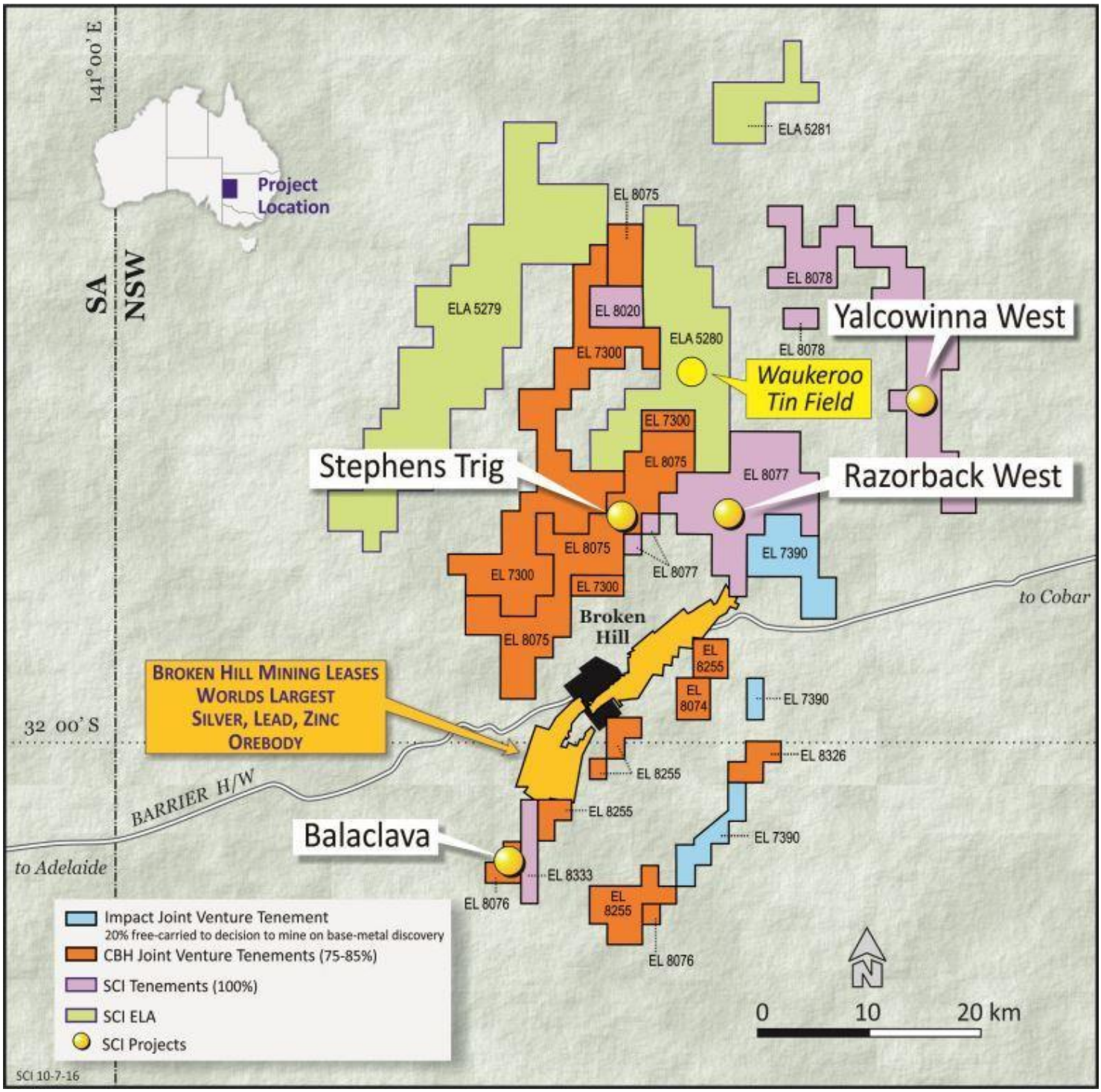

Figure 1. Silver City Minerals, Broken Hill tenements and location of current projects.

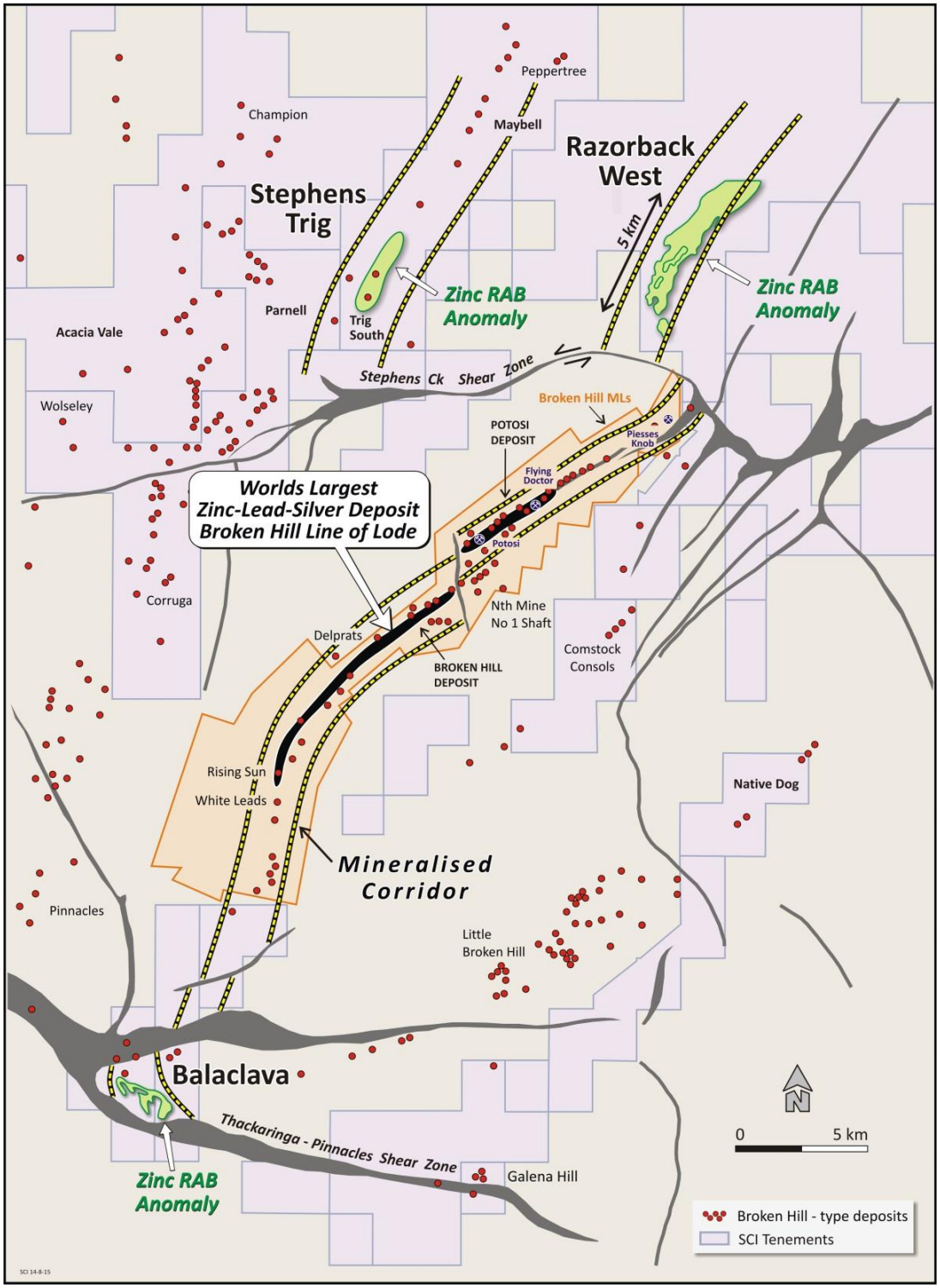

Figure 2. Broken Hill, showing the location and surface projection of the supergiant Broken Hill Deposit. Diagram shows the relationship of the deposit to SCI tenements and specifically to the location of Razorback West to the north and Balaclava to the south. Interpretations suggest Stephens Trig and Razorback West might lie within the same startigraphic horizon each on the limb of a large antiform.

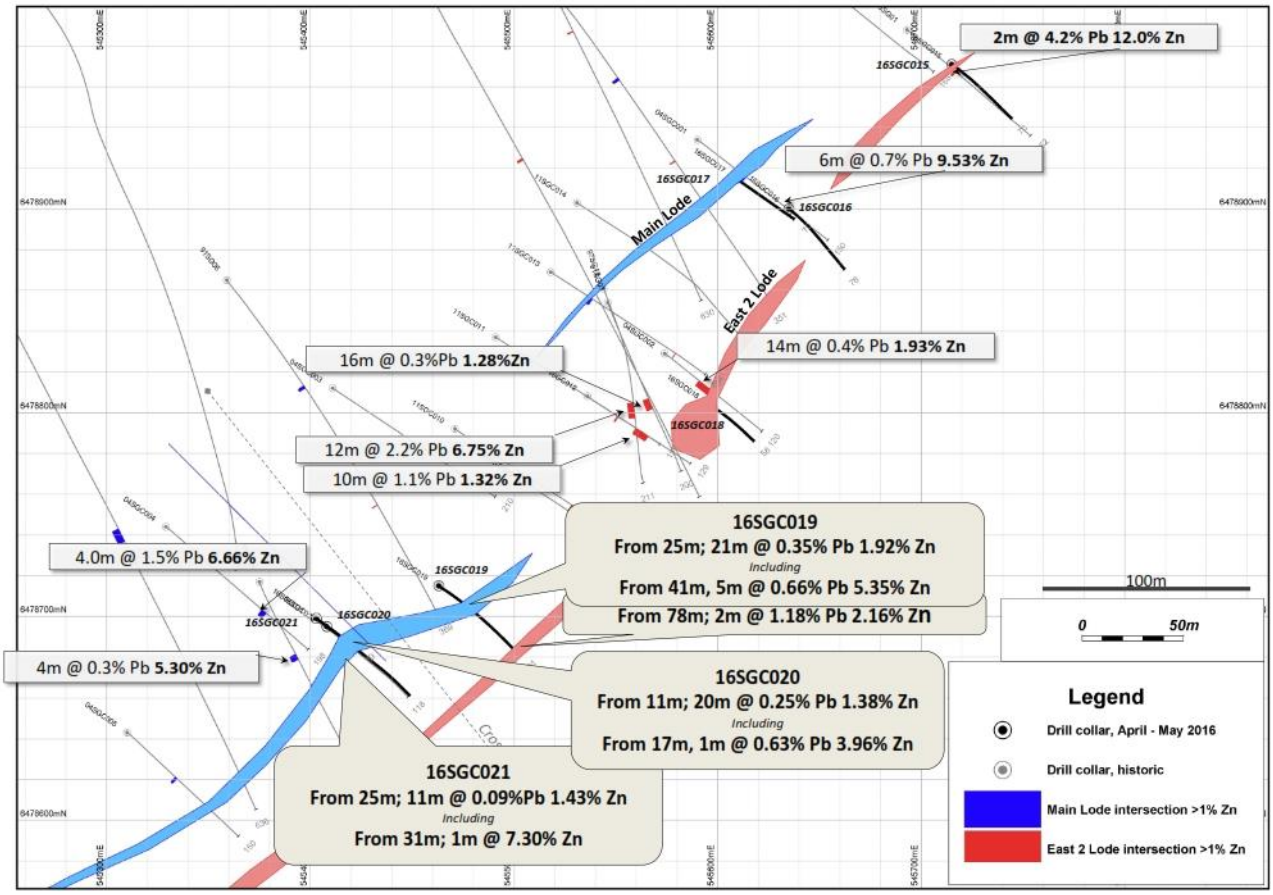

Figure 3. Plan of Stephens Trig drilling showing recent holes 16SGC015-021 and historic holes. Results are shown.

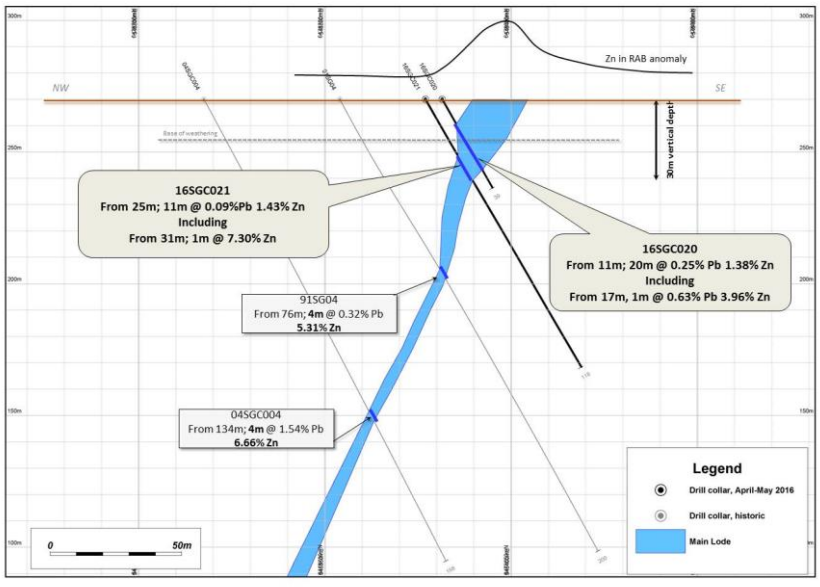

Figure 4. Stephens Trig drilling. Cross-section through recent holes 16SGC020 and 021.

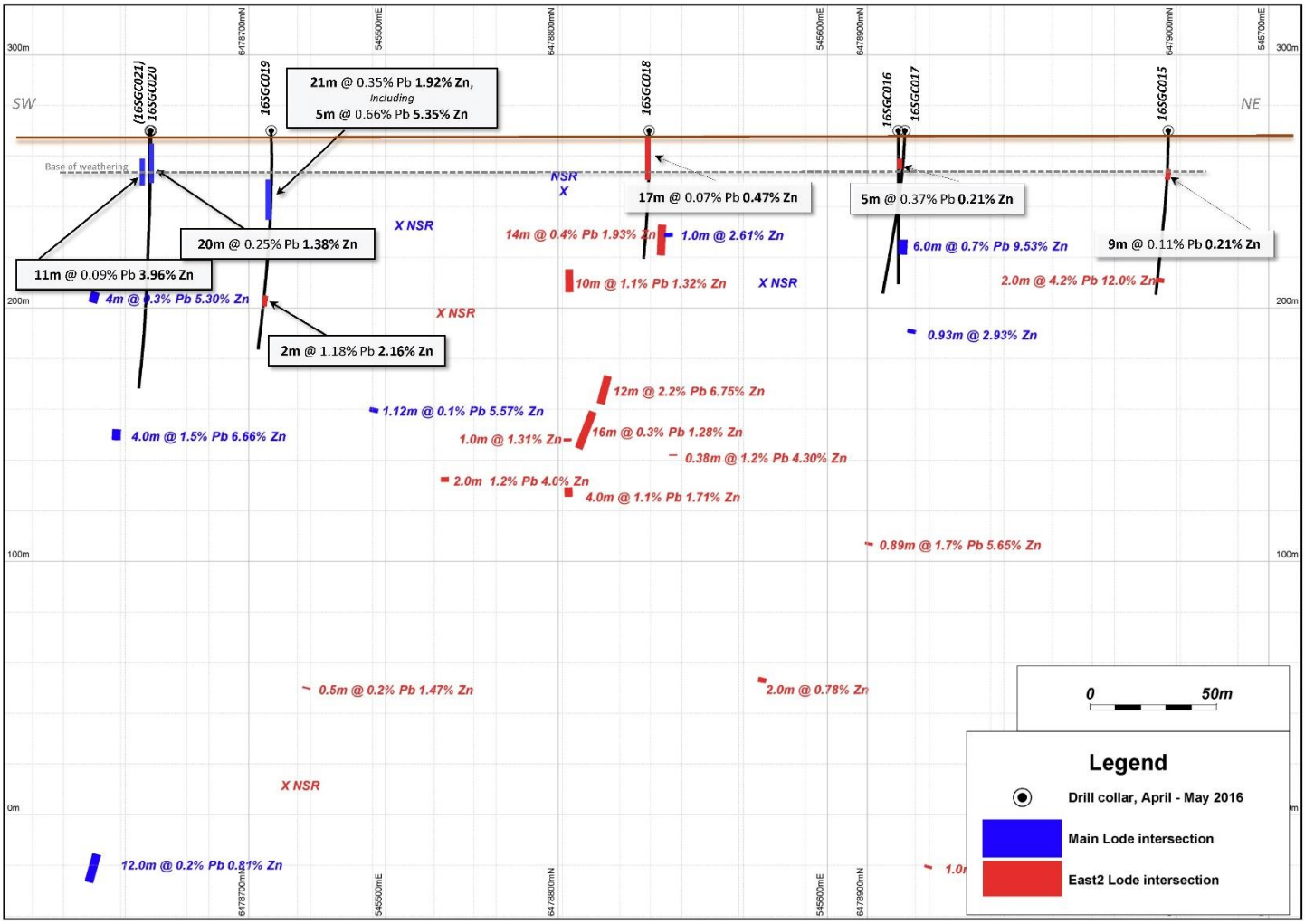

Figure 5. Stephens Trig longitudinal section showing results of recent drilling and historic intersections. Red indicates an intersection in the East2 Lode and blue indicates one in the Main Lode. "NSR" indicates an intersection with no significant results.

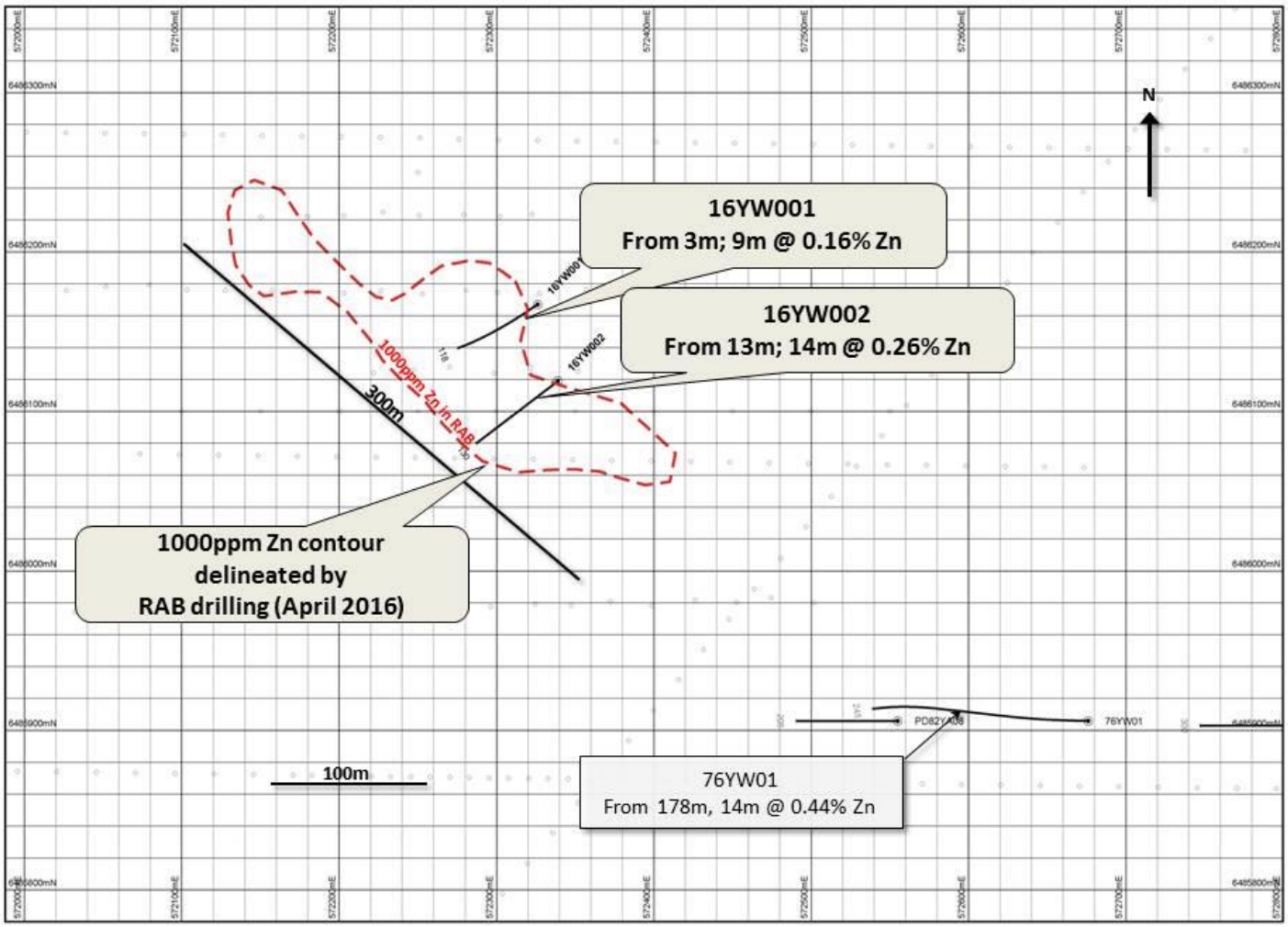

Figure 6. Yalcowinna West plan showing zinc anomalism outlined by recent and historic RAB drilling and the location of two reverse circulation holes drilled to test beneath this anomalism. RC drilling results are shown, along with the most significant intersection from historic drilling.

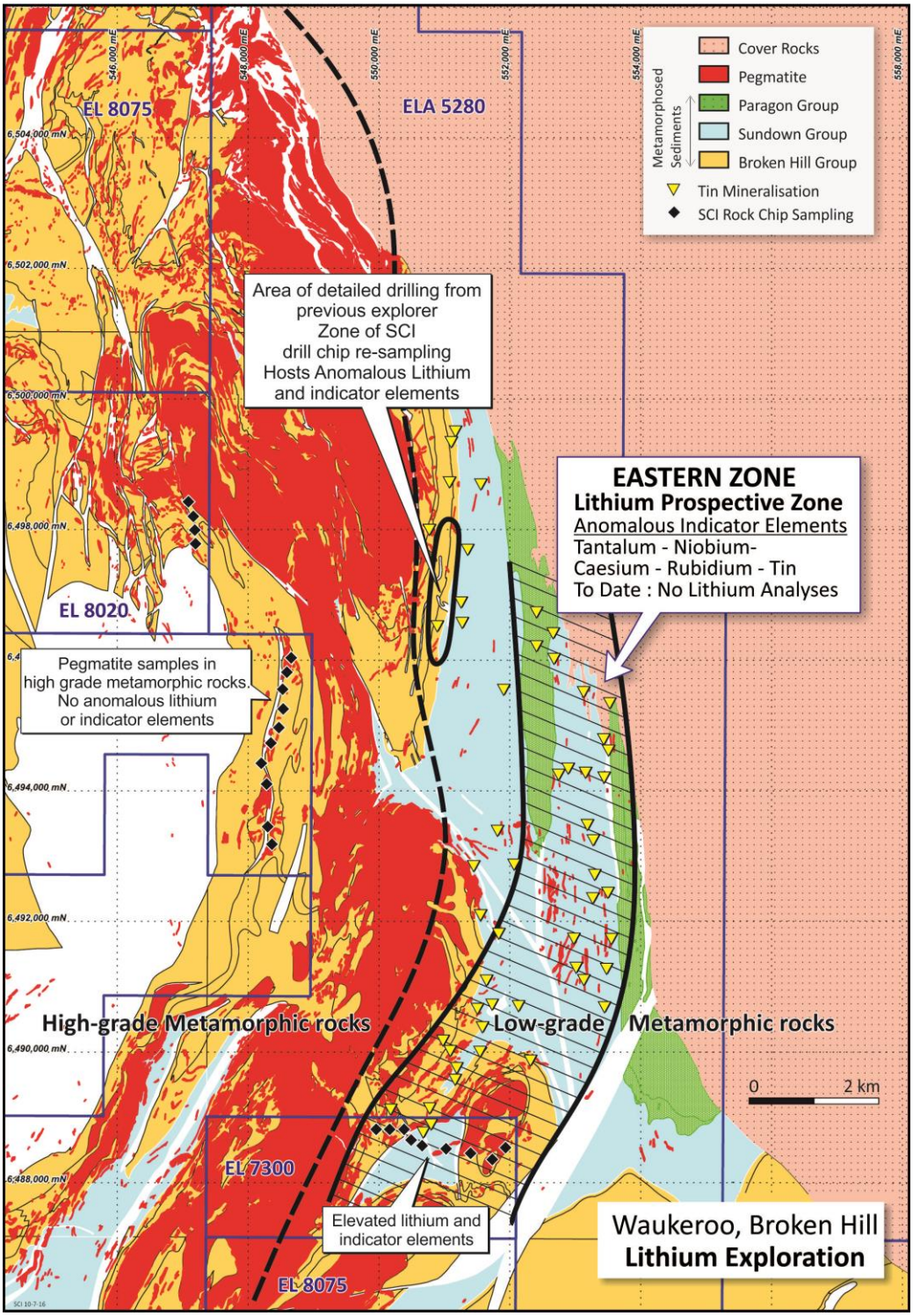

Figure 7. Initial results from pegmatite sampling program

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	*RC Drilling At Stephens Trig and Yalcowinna West* • Nine reverse circulation holes were sampled. Note five holes have previously been reported (ASX Release: 10 May 2016); all holes are reported here for completeness. 1 metre intervals were collected in plastic bags from the rig cyclone by the drilling contractor. A cyclone splitter enabled collection of a sub-sample in a calico bag. The subsample represents 10 to 12.5% of the total sample, with a nominal weight between 2 and 4 kg. A small sample of the 1 metre interval was collected in industry-standard chip trays for future reference. Selection of samples for laboratory analyses was undertaken using a portable XRF machine calibrated daily or by visual determination. • Sampling technique ensured representative sampling downhole • Assays determined are Material to this Public Report *Rock Chip Sampling and RC Chip sampling* • Rock samples are designed to test a representative pegmatite at the sample site. Grab samples of material of between 2 and 3 kg was selected over outcropping areas of up to 20 square metres. • Reverse circulation drill chips from a previous explorers (Carpentaria Exploration) drill program were taken from specimen chip trays located at a Broken Hill storage facility and composited to approximately 5 metres to produce a sample of 150 to 250 grams. RC drilling and sampling by Carpentaria Exploration has been of sufficient quality to produce a Resource Estimate for tungsten (ASX Release by Carpentaria (ASX:CAP) 18 Oct 2012). The purpose of the Silver City sampling was to determine if intersections within the tungsten resources contained appreciable lithium. • Assays determined in both rock chips and old RC chips are Material to this Public Report
Drilling techniques	*RC Drilling At Stephens Trig and Yalcowinna West* • Reverse circulation drilling used an industry standard face-sampling hammer bit 5.5” (139.7mm) in diameter. • Downhole surveys were completed approximately every 30 to 35 metres using a Reflex survey tool supplied and operated by the drilling contractor
Drill sample recovery	• Recoveries were not recorded, but sample size was noted to be consistent. • No measures taken to maximize recoveries but geological assessment suggest sampling is representative of local rock type. • No relationship between grade and recovery is observed.
Logging	*RC Drilling At Stephens Trig and Yalcowinna West* • Representative RC chips were geologically logged for each metre drilled to industry standard. • All logging is qualitative and of sufficient detail to support future Mineral Resource estimation, mining and metallurgical studies. • 100% of drilled material was logged for a total of 786 metres. *Rock Chip Sampling and RC Chip sampling* • Detailed field documentation including geology of rock chip samples was undertaken for all samples. Site photography was completed. • No logging was undertaken by Silver City Minerals with respect to old RC chips. High quality logs by the previous explorer (CAP) were utilized.
Sub-sampling techniques and sample preparation	• No core was sampled. • A cyclone splitter was used for RC chips. One metre intervals were collected in plastic bags from the rig cyclone by the drilling contractor. The splitter enabled collection of a sub-sample in a calico bag. • The above techniques are considered to be of high quality, producing representative subsamples and are appropriate for the nature of mineralisation anticipated. The sample size is appropriate to the rock being sampled.

Criteria	Commentary
	• The majority of the RC samples were dry and wet samples were recorded. • Sample duplicates were collected approximately every 20th sample from those selected for analysis. • Sample size is appropriate to grain size of sampled material.
Quality of assay data and laboratory tests	*RC Drilling At Stephens Trig and Yalcowinna West* • Sample reparation was by ALS method PUL-23 whereby the sample was crushed to 70% nominal 6mm, then was riffle-split to a maximum of 3kg then pulverized to 85% passing 75 microns • Multi-element analysis by ALS method ME-ICP41 (www.alsglobal.com) for 35 elements. • The nature and quality of the analytical methods are appropriate to style of mineralisation anticipated at this stage in the project and are of industry standard. • Duplicate samples were collected nominally of every 20th sample submitted laboratory analysis and no significant analytical deviation from duplicates has been encountered. • Commercially prepared standards were submitted at a nominal interval of every 20th sample with those samples submitted for laboratory analysis and no significant analytical deviation from the published standard values have been encountered • No external laboratory checks are appropriate at this early stage of assessment. *Rock Chip Sampling and RC Chip sampling* • Sample reparation was by ALS method PUL-23 whereby the sample was crushed to 70% nominal 6mm, then was riffle-split to a maximum of 3kg then pulverized to 85% passing 75 microns • Four acid digest, multi element ICP-MS(+REE) analyses for 60 elements including rare earths using ALS Global method ME-MS61r. • The nature and quality of the analytical methods are appropriate to style of mineralisation anticipated at this stage in the project and are of industry standard. • No duplicates or standards were used. • No external laboratory checks were undertaken and are not appropriate at this early stage of exploration.
Verification of sampling and assaying	• Verification of downhole drill intersections has been undertaken • Twinning of drill holes not appropriate at this time • All logged data including sample intervals and numbers were recorded manually then entered into an onsite digital data system or entered directly, then backed up. • No adjustments have been made.
Location of data points	*RC Drilling At Stephens Trig and Yalcowinna West* • Drill collar locations (GDA94 MGA Zone 54) were determined by handheld GPS with an accuracy of +/- 5 metres which is considered an appropriate level of accuracy for regional, early stage target assessments. • The Stephens Trig prospect area has topographic relief of +/- 2m and all drill collars (historic and current) are normalized to 270m RL. The variation in topographic relief is considered less than the level of elevation accuracy from a hand-held GPS. • The Yalcowinna West prospect area has topographic relief of +/- 2m and all drill collars (historic and current) are normalized to 200m RL. The variation in topographic relief is considered less than the level of elevation accuracy from a hand-held GPS. *Rock Chip Sampling and RC Chip sampling* • Rock chip sample locations (GDA94 MGA Zone 54) were determined by handheld GPS with an accuracy of +/- 5 metres which is considered an appropriate level of accuracy for regional, early stage target assessments. • Historic drill collars for the Carpentaria (CAP) Tungsten Resource were not documented but data has been considered of sufficient quality to produce a

Criteria	Commentary
	resource estimate.
Data spacing and distribution	*RC Drilling At Stephens Trig and Yalcowinna West* • Samples were collected for the entirety of each hole at a 1 metre spacing. Not all samples were submitted for analyses. • The sample spacing and distribution downhole would be sufficient for future Mineral Resource and Ore Reserve estimation. • Sample compositing has not been undertaken *Rock Chip Sampling and RC Chip sampling* • Rock chip analytical data is insufficient to make significant conclusions with respect to lithium distribution • RC chip analytical data is insufficient to make significant conclusions with respect to lithium distribution. • RC chip compositing has been undertaken.
Orientation of data in relation to geological structure	*RC Drilling At Stephens Trig and Yalcowinna West* • At Stephens Trig drill hole orientation has been optimized to test lode horizons perpendicular to the orientation of the lode. Reported downhole intersections are considered to approximate true thickness. • No orientation-bias sampling has been identified. • At Yalcowinna West drill orientation was designed to test orthogonal to broad surface geochemical anomalies and interpreted stratigraphy.
Sample security	• Samples stored in secure facility in Broken Hill, then delivered by a company representative to a freight-forwarding company for transport to the laboratory
Audits or reviews	• No audits or reviews have been undertaken.

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	• Drilling at Stephens Trig has been undertaken on EL 8075 as part of a joint venture agreement with CBH Resources Limited. Areas being drilled are not subject the Native Title. An access agreement with the current landowner is in place. • Drilling at Yalcowinna West has been undertaken on EL 8078 100% owned by SCI subject to various royalty agreements. The area is not subject to Native Title and a land access agreement is in place. • Both EL 8075 and 8078 are secure and currently under renewal application. No impediments to operate are known. • Rock chip sampling has been undertaken on ELs 7300, 8020 and 8075. 8075 and 7300 are subject to a joint venture agreement with CBH Resources. EL 8020 is 100% SCI. Access agreements are in place for all and no Native Title applies.. Current sampling is with ELs 8020, 8075, 8078, 7300, and 8077. • Three Exploration Licence applications are in place (ELAs 5280, 5279 and 5281) Under NSW department timelines this tenure should be granted by late July (http://www.resourcesandenergy.nsw.gov.au/miners-and-explorers/programs-and-initiatives/service-delivery). SCI has been formally offered the tenure and has paid rentals and bonds.
Exploration done by other parties	• Extensive exploration for base metals, precious metal, tin and tungsten has been conducted on all of the above tenure and is of a high quality. • No exploration for lithium has ever been undertaken.
Geology	• BHT zinc-lead-silver deposits and lithium-bearing pegmatites

Criteria	Commentary
Drill hole Information	• See body of report
Data aggregation methods	• Industry standard weight averaging has been undertaken in this report. Samples are at continuous 1m intervals hence a simple average has been applied to calculate the reported significant intersections. No upper cuts have been applied. Aggregated drill intersections are reported here to a 0.1%,1% zinc cutoff or to geological boundaries • No short lengths have been aggregated • No metal equivalent has been reported.
Relationship between mineralisation widths and intercept lengths	• Only down hole lengths are reported and at Stephens Trig these approximate true widths. • The drill holes are interpreted to intersect the mineralisation at between 80 and 90 degrees • Relationship between mineralisation and drill angle at Yalcowinna West remains unknown.
Diagrams	• See Annexure 1
Balanced reporting	• Both low and high grade samples are presented in this public report.
Other substantive exploration data	• All available information of significance has been included in this or previous reports.
Further work	• At Stephens Trig work is at an early stage. Geological assessment will continue to the south of recent drill holes. • At Yalcowinna West the source of the large RAB anomaly has not been sufficiently explained by recent drilling, further detailed work including RAB drilling has been considered. • Evaluation of lithium potential is at a very early stage. Sampling work is ongoing.