

# SILVER CITY MINERALS LIMITED

## Quarterly Report

March 2013

### ASX Code: SCI

Issued Shares: 98M  
Listed Options: 29.2M  
Unlisted Options: 17.5M  
Cash Balance: \$5.1M  
ABN: 68 130 933 309

### DIRECTORS

Bob Besley  
Chris Torrey  
Ian Plimer  
Greg Jones  
Ian Hume

### TOP SHAREHOLDERS

(At 9 April 2013)

Sentient Group: 17.45%  
PlatSearch NL: 14.58%  
Fitel Nominees: 6.50%  
Top 20: 66.73%

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### HIGHLIGHTS

Silver City Minerals Limited (ASX:SCI) is pleased to release its quarterly activity report for the period ended March 31, 2013.

Focus for the Quarter has been on preparations for drilling on priority projects; Razorback West and Allendale with drilling also scheduled for three new projects; Mount Brown, Parnell and Native Dog. Up to 4000 metres of drilling is planned.

- At **Razorback West** induced polarisation (IP) anomalies thought to represent sulphide-bearing rock underlie surface lead-zinc anomalies identified in rotary air blast (RAB) drilling programs. Up to 1000 metres of combined reverse circulation (RC) and diamond drilling is planned at Anomaly 1.
- At **Allendale** an off-hole conductor has been identified by downhole geophysical surveys in the southern part of the lode corridor. A drill hole has been planned to test this.

### Outlook

- Drilling has commenced on targets at Mount Brown. The drill rig will move progressively to the remaining projects on completion at Mount Brown. The Company anticipates preliminary analytical results by mid-May.

### OPERATIONS

During the quarter the Company completed a geophysical survey at Allendale and finalised all access and environmental approvals for drilling programs at Allendale, Razorback West, Parnell, Native Dog and Mt Brown (Figure 1). Field investigations and historic research was conducted on the Great Goulburn project which hosts copper, gold and cobalt in pyrite-rich rocks.

### Iron Bar (EL 7203)

#### *Razorback West*

In January 2013 the Company released results of a deep penetration IP geophysical survey (ASX Release 15 January, 2013). A number of coincident geochemical and geophysical targets have been identified. SCI plans to test Anomaly 1 with up to 1000 metres of combined RC and diamond drilling (Figure 2). Rocks in the area have been identified as belonging to the Broken Hill and Thackaringa Groups; metamorphosed volcano-sedimentary sequences both known to host Broken Hill type (BHT) mineralisation.

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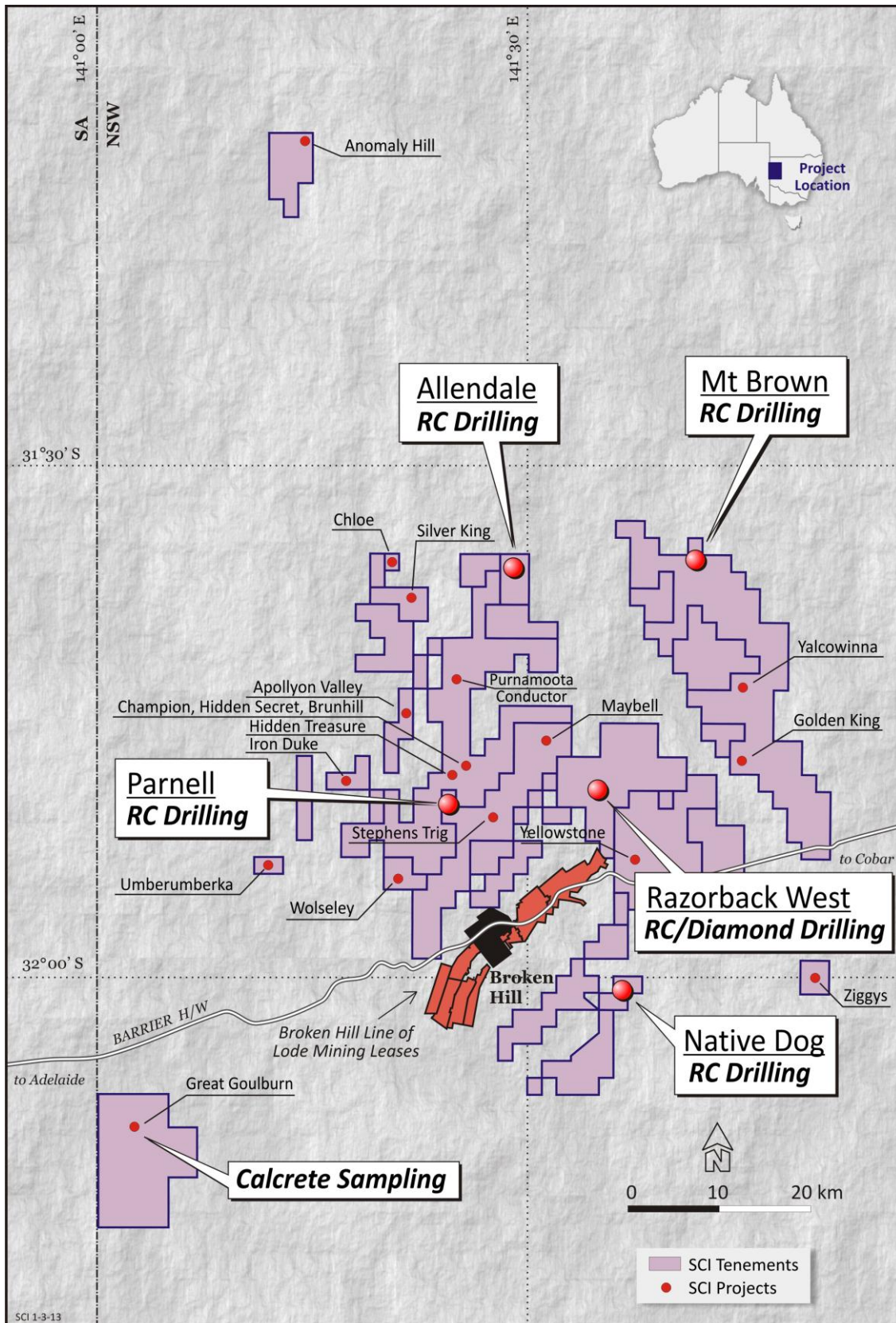


Figure 1. Silver City tenements, projects and upcoming work.

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SCI believes that the geochemical anomalies at Razorback West might represent the northern extension to the famous Broken Hill “line of lode” corridor offset westward by a fault structure known as the Stephens Creek Shear Zone. These geochemical anomalies are likely associated with base metal sulphides and the IP survey was completed to identify zones of sulphide-bearing rock located in or around potential high grade silver-lead-zinc mineralisation.

## **Yanco Glen (EL 5764)**

*Allendale*

Drilling at Allendale has located lead, zinc, silver and minor copper mineralisation as massive sulphide intersections. Sulphides are hosted in up to five east-dipping lode horizons within a corridor 75 metres wide and 450 metres long. The host-rock package consists of tightly folded and faulted metamorphosed sedimentary and volcanic rocks. The lodes, with accompanying sulphides, vary in true thickness from 0.5 to 10 metres.

SCI has completed down-hole electromagnetic (EM) and magnetometric resistivity (MMR) geophysical surveys to help identify thicker zones of mineralisation for drill testing. An off-hole conductor has been identified to the south and offset from other holes. A deep RC hole (200 to 250 metres) is planned to test this (Figure 3).

## **Euriowie (EL 7319)**

*Mount Brown*

Work during the quarter has focused on preparation for drilling at Mount Brown. Geological data suggests the presence of a strongly mineralised structural corridor which extends for a kilometre along strike. The corridor is some 70 metres wide in places and hosts individual gossan horizons up to three metres thick (Figure 4). Sixty seven, predominantly gossanous rock chip samples have been collected from the Main Lode corridor. Of these, twenty seven (40%) returned values of greater than 1% lead and twenty one (31%) greater than 2% lead with a maximum value of 34% lead. Nine samples (13%) returned greater than 0.5% zinc with a maximum value of 0.95% zinc. Similarly nine samples returned greater than 0.5% copper and eight (12%) samples returned greater than 30 g/t silver. One sample at the northern end of the outcropping zone returned 10.4% copper and another within the central part of the zone returned 310 g/t silver (ASX Release 3 April 2012).

While the host rock sequence displays many of the characteristics of BHT mineralisation it also appears to be enriched in copper. Copper is not a major component of classic BHT mineralisation.

At the time of writing drilling was underway and 610 metres had been completed in five holes. A total of five holes are planned.

## **Stephens Centennial (EL 6132)**

*Parnell*

The historic Parnell Mine is a BHT occurrence located 15 kilometres north of Broken Hill. Old mine workings from the late 1800s have mined an aggregate of almost 1600 tonnes of galena-rich material. Grades recorded from various mining campaigns up to 1971 range from 18 to 33% lead, 120 to 760 g/t silver and 2 to 3% zinc. Mineralisation is hosted in three lodes within the hinge of a south plunging fold structure.

SCI completed 451 metres of drilling in 60 RAB holes to the south of the Parnell Mine. Results confirm a trend of subdued but consistent anomalism in zinc and lead for at least 650 metres beneath alluvial flats at Parnell South. Four RC drill holes have been planned to test this anomalism beneath the alluvial cover.

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## **Copper King (EL 5919)**

### *Native Dog*

This project is centred on the Little Broken Hill Antiform, a zone of complex folding, containing rocks identical in age and character to those directly hosting the Broken Hill mines. Numerous small lead-zinc-silver enriched BHT mineral occurrences are located along the axis of this structure.

Soil geochemical surveys show that there is an extensive zone of lead-zinc anomalism which extends for three kilometres in a northeast orientation with historic rock chip sampling confirming the presence of elevated base-metals and silver. SCI has conducted geological mapping over the tenement at 1:5000 scale, re-logged existing drill core and more recently compiled an extensive historic exploration database over the area. The combined data shows that historic drill holes are limited in number and have not systematically tested all anomalies. For example SCI has identified lead-rich outcropping gossans, significant IP anomalies and areas of strong base-metal and silver geochemistry which have never been drill tested (Figure 5).

SCI plans to drill four RC holes targeting gossanous outcrops in areas of highly elevated geochemistry.

## **Goblin (EL 7749)**

### *Great Goulburn*

Located close the border with South Australia, the project is prospective for copper-gold deposits such as the nearby Mutooroo Deposit (Cu-Au-Co), or the Kalkaroo Deposit (Cu-Au), as well as mineralisation styles found near Broken Hill. Much of Goblin is covered by a thin veneer of sandy alluvium cover. This has limited past ground exploration to a patchwork of first pass RAB traverses and limited rock chipping. The largest outcropping gossan is located at the Great Goulburn Prospect which has been drilled in the past (six RC and diamond holes) intersecting broad zones of anomalous cobalt, copper and gold. SCI plans to conduct a widespread calcrete sampling program to identify areas for further work.

## **Tenure**

SCI is in the process of consolidating and amalgamating tenure in the Broken Hill district as a response to the fragmented nature of older tenements and new NSW government requirements with respect to environmental bonds. The total number of tenements held or joint ventured by SCI will be reduced from 23 to 15, while the total area covered by exploration licences is largely preserved. Currently SCI holds approximately 1400 square kilometres under exploration licence.

## **Exploration Schedule**

<b>Project</b>	<b>Commodity</b>	<b>Future Work</b>	<b>When</b>
Mount Brown	Ag-Pb-Zn-Cu	Drilling	Current
Allendale	Ag-Pb-Zn	Drilling	April
Parnell	Ag-Pb-Zn	Drilling	April-May
Native Dog	Ag-Pb-Zn	Drilling	May
Razorback West	Ag-Pb-Zn	Drilling	May-June
Great Goulburn	Cu-Au-Co	Calcrete sampling	May

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## CORPORATE

Net operating expenditure for the Quarter was \$627k. This included \$333k on projects, \$291k on administration and \$50k on tenement security deposits, offset by \$47k in interest income. Cash on hand at the end of the Quarter was approximately \$5.1 million.

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**Christopher Torrey**  
Managing Director

*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 and full-time employee of Silver City Minerals Limited. Mr Torrey has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Christopher consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

## 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 one of the world's largest accumulations of silver, lead and zinc; the Broken Hill Deposit. SCI was established in May 2008 to explore specifically in the District where it rights to Exploration Licences through 100% ownership and various farm-in and joint venture agreements. It has a portfolio of highly prospective ground with drill-ready targets focused on high grade silver, gold and base-metals, and a pipeline of prospects moving toward the drill assessment stage.

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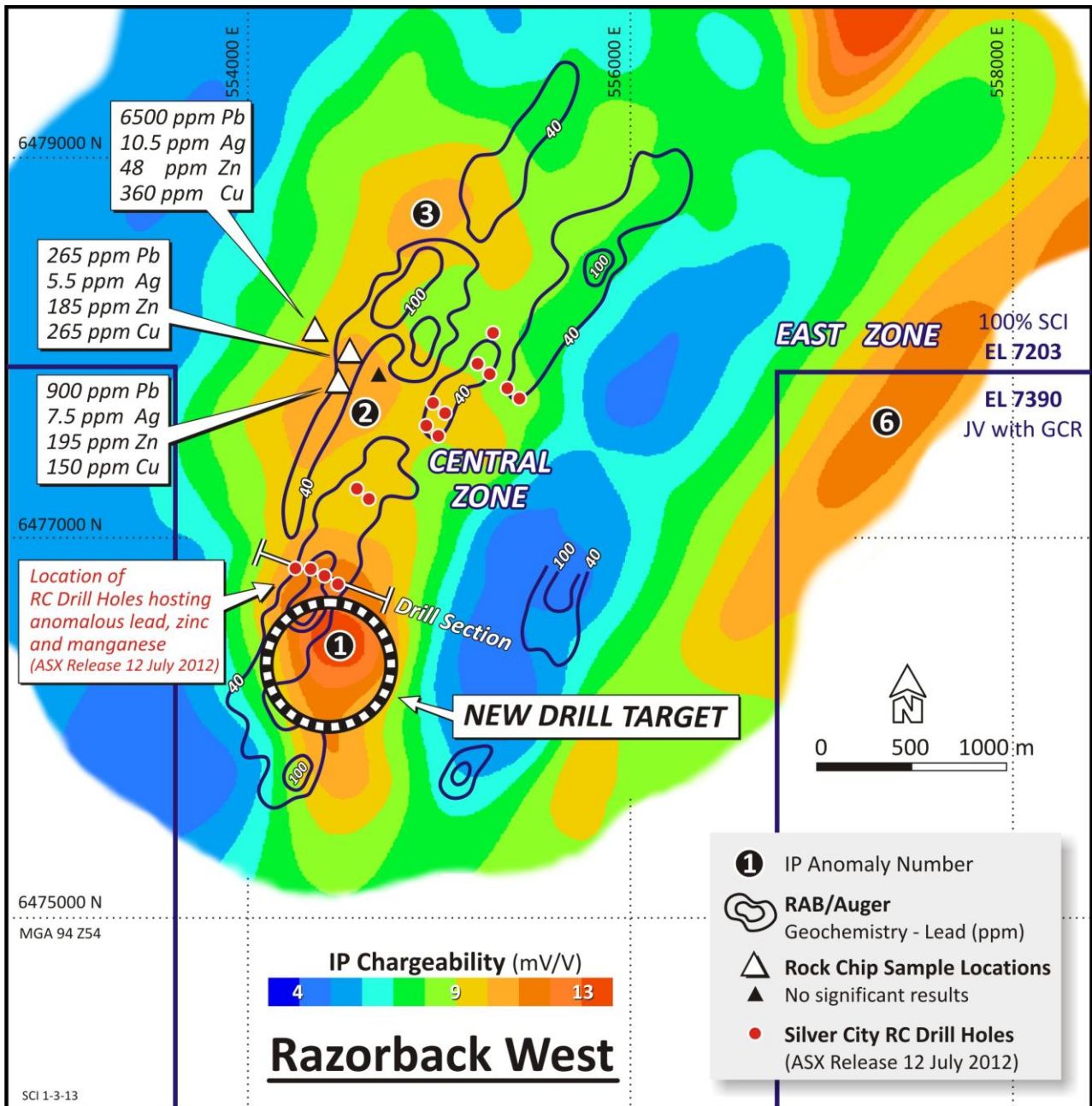


Figure 2. Razorback West project showing IP chargeability anomalies (coloured image) in relation to SCI drill holes and RAB geochemistry contours. Anomalous lead geochemistry shows a broad correlation to elevated IP within the *Central Zone*. Target 1 is the focus of the upcoming drill program.

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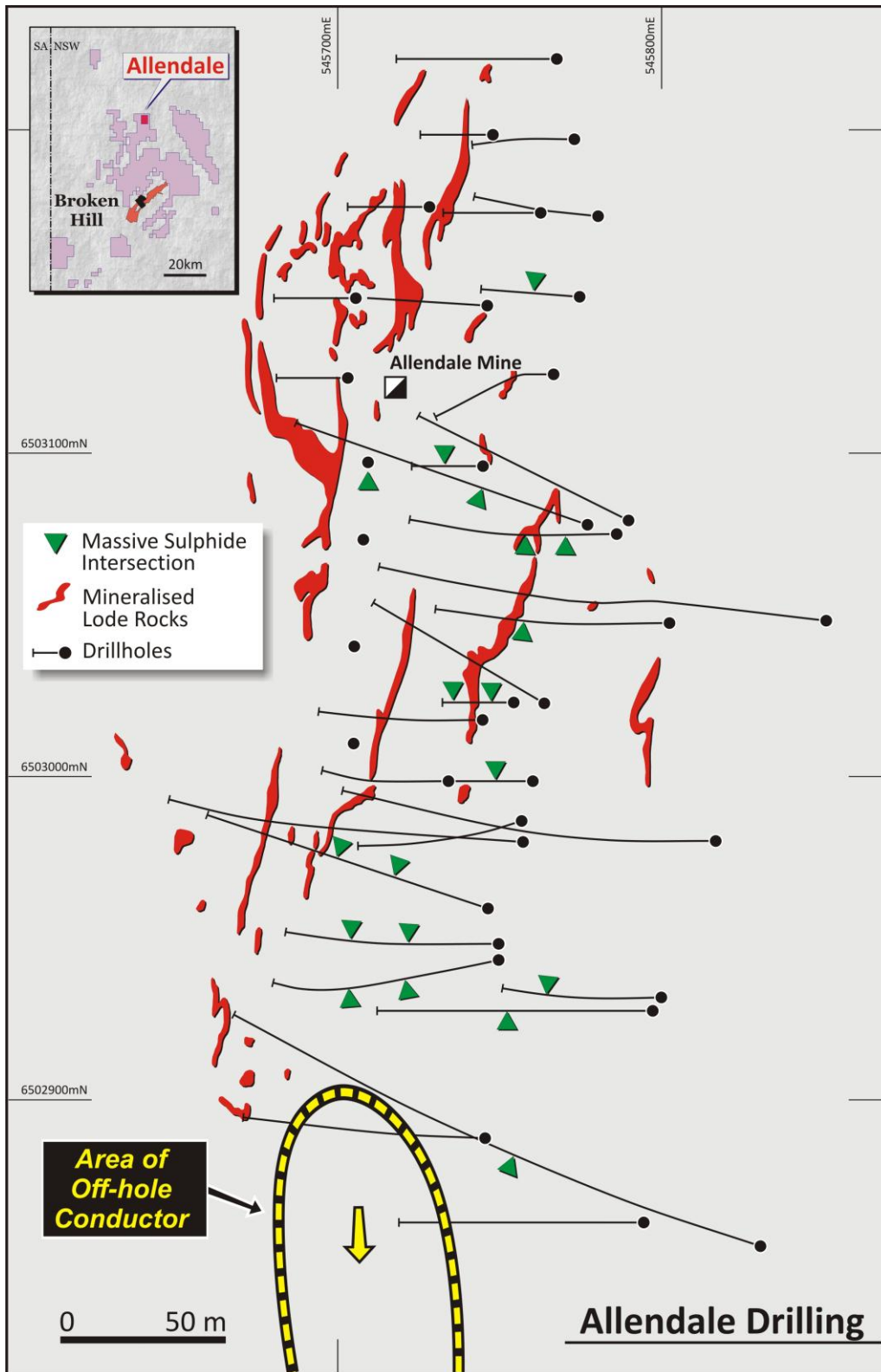


Figure 3. Allendale drilling showing surface outcrops of “lode rocks”, drillhole traces and location of massive sulphide intersections to date. The area to be tested in the upcoming program is situated in the south of the diagram where an off-hole conductor has been outline in recent geophysical surveys.

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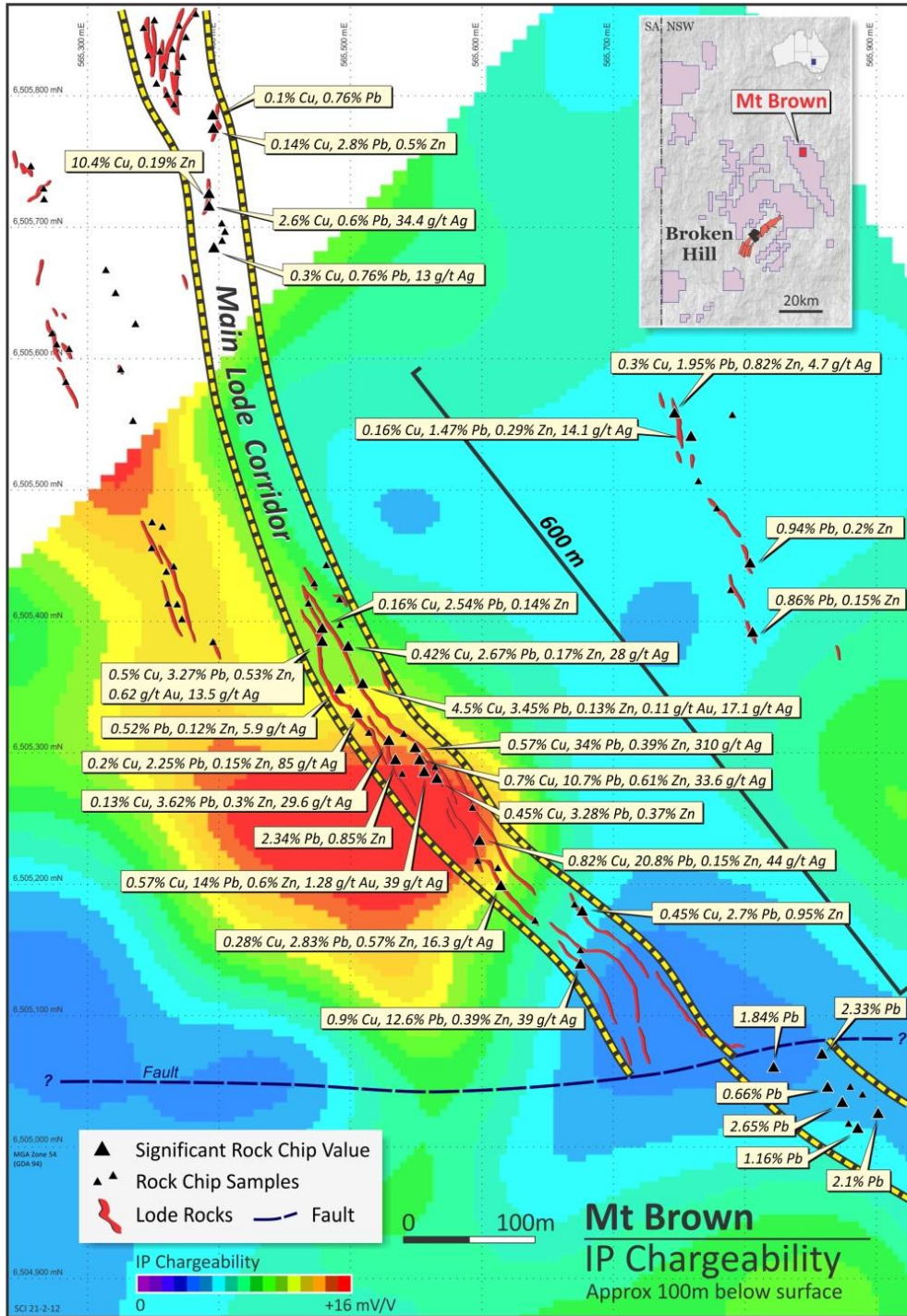


Figure 4. Mount Brown showing IP chargeability, the Main Lode Corridor and outcropping lode rocks.



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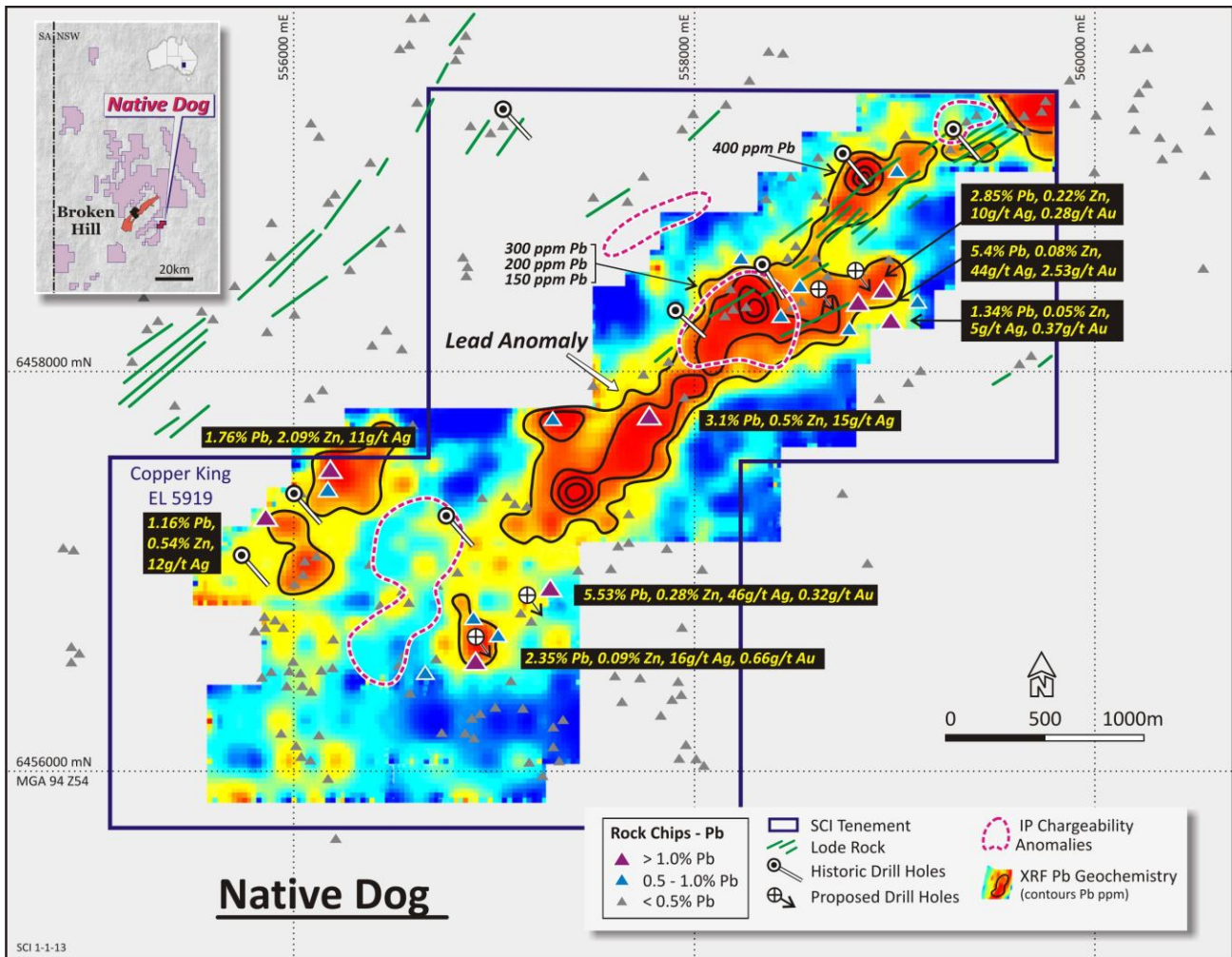


Figure 5. Native Dog project showing extensive zone of anomalous lead geochemistry, IP anomalies and proposed drill holes.