



ASX ANNOUNCEMENT

2 April 2014

Drilling Commences at the Sellheim Gold Project, Queensland

Highlights

- **First drill holes to test for gold-copper mineralisation associated with strong induced polarisation (IP) anomalies beneath the Sellheim goldfield.**
- **Anomalies thought to represent mineralisation and associated hydrothermal alteration related to igneous intrusions at depths of 100 to 200 metres below surface.**
- **2000 metres of combined reverse circulation and diamond drilling planned in six holes. Drilling expected to take 6 to 8 weeks.**
- **Located in a well-endowed gold province with over 20 million ounces mined to date.**

Background

Silver City Minerals Limited (SCI) has rights to exploration and mining tenements in north Queensland (Figure 1). Recent geological and geophysical surveys at the Sellheim Project have highlighted the relationship between an eluvial goldfield, hydrothermally altered rocks, gold-anomalous rock chip samples and a series of large (up to 400 metres in diameter) and very strong IP anomalies. IP chargeabilities in excess of 100 millivolts/volt are indicative of significant sulphide mineralisation that 3D modelling suggests commences 100 to 200 metres below the surface (Figures 2, 3 and 4).

The rocks which host the sulphide are not visible at surface but are likely to be igneous intrusions and hydrothermally altered fault structures associated with them. Rock chip sampling shows that gold in outcrops at surface is hosted in fractures and breccias zones. It is likely that these have tapped gold-bearing fluids derived from sulphide-rich igneous intrusions at depth, allowing gold to be mobilised and deposited at higher crustal levels. The SCI exploration team considers that these are the likely source of gold currently being mined in eluvial deposits at surface. The source intrusions likely contain significant quantities of gold, copper and perhaps molybdenum mineralisation. All geological, geochemical and geophysical features are consistent with a model for intrusion-related gold and copper deposits and as such they provide outstanding drill targets for SCI. These targets have not been tested by previous shallow drilling.

SCI has commenced an initial 2000 metre drilling program to assess these targets.

Gold Province

The Sellheim Project is located 140 kilometres southeast of Charters Towers in North Queensland and is part of a wider gold province centred on Charters Towers, which has historically produced in excess of 20 million ounces of gold (Figure 1). Sellheim lies close to or within the lower sequence of the Drummond Basin (300 to 350 million years old) and is intruded by younger granites (250 to 300 million years old). Both geological settings are considered favourable for gold mineralisation in North Queensland. SCI favours an intrusion-related (or porphyry) gold model for the formation of the gold at Sellheim (Figure 5), and draws analogies from other Queensland deposits such as Mt Leyshon (3.2 million ounces), Kidston (5 million ounces) and Red Dome (1.3 million ounces). Similarly Donlin Creek (23 million ounces), Pogo (4.1 million ounces) and Fort Knox (4.1 million ounces) in Alaska are North American examples.

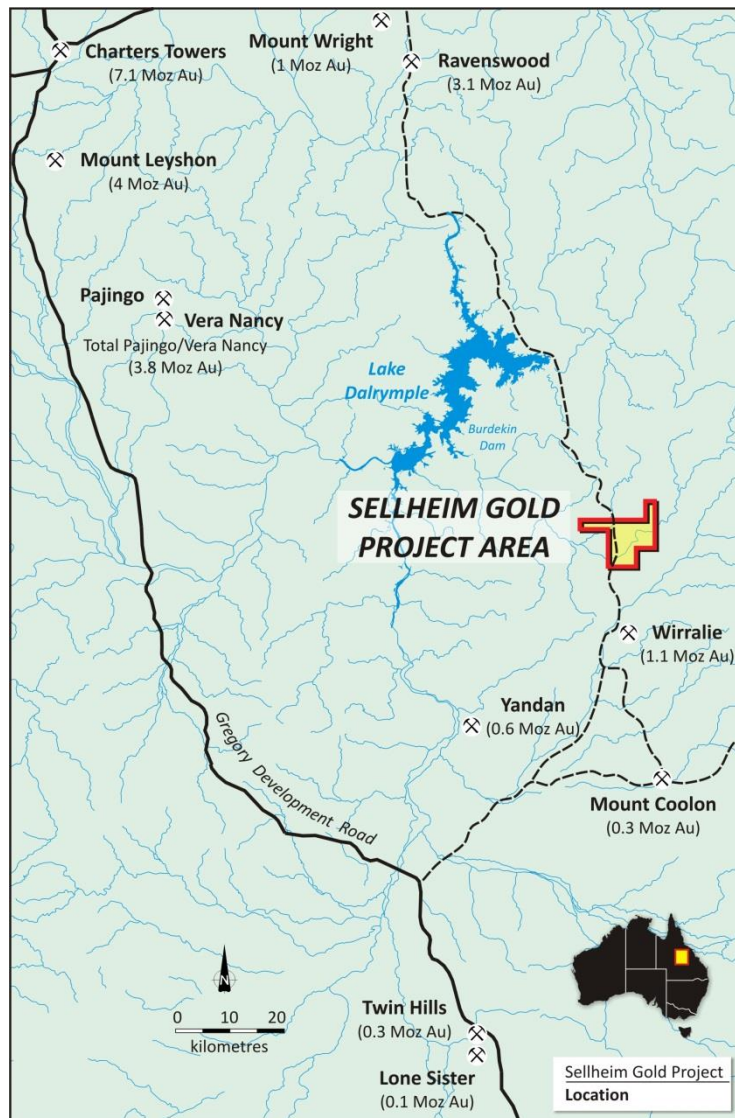


Figure 1. Location of the Sellheim Gold Project.

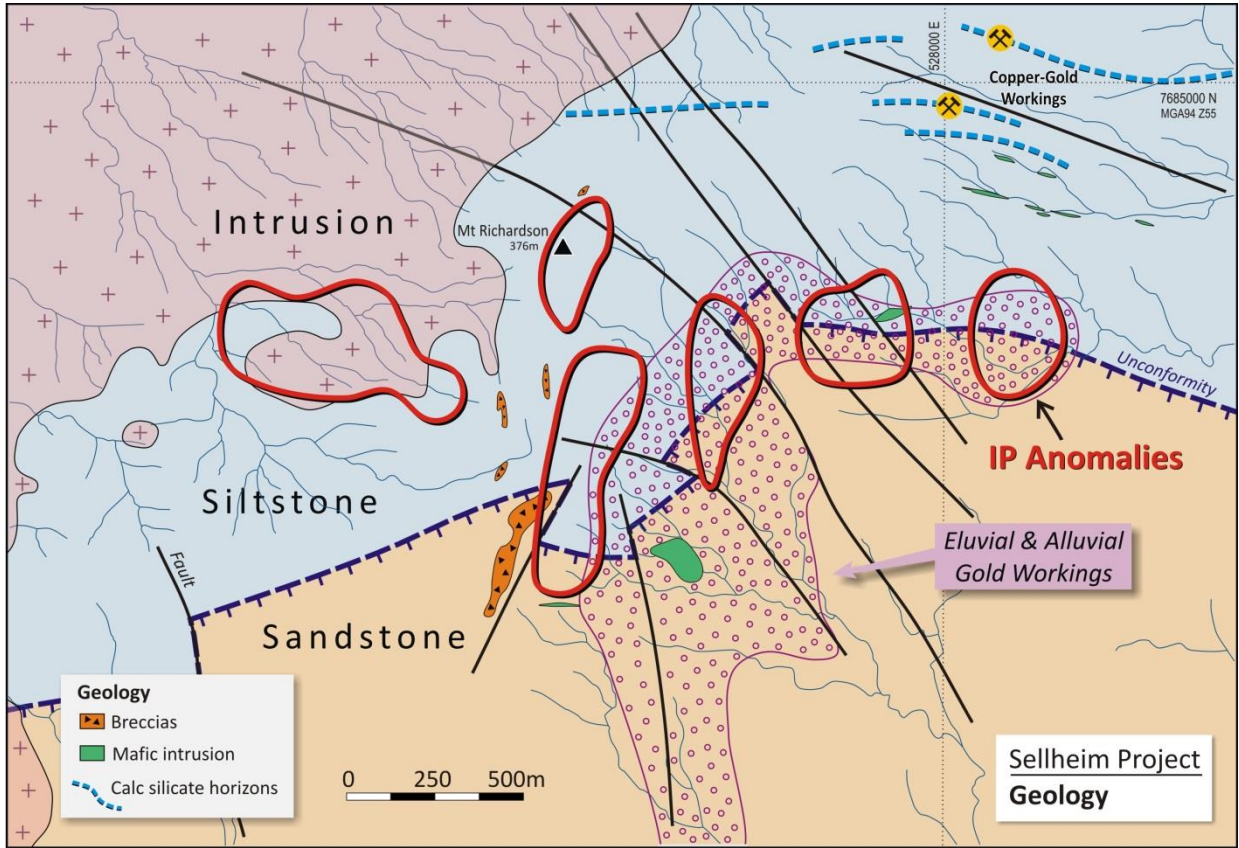


Figure 2. Local geology showing relationship of IP anomalies (modelled at 200 metres below surface) to the eluvial/alluvial goldfield and a contact between two rock types.

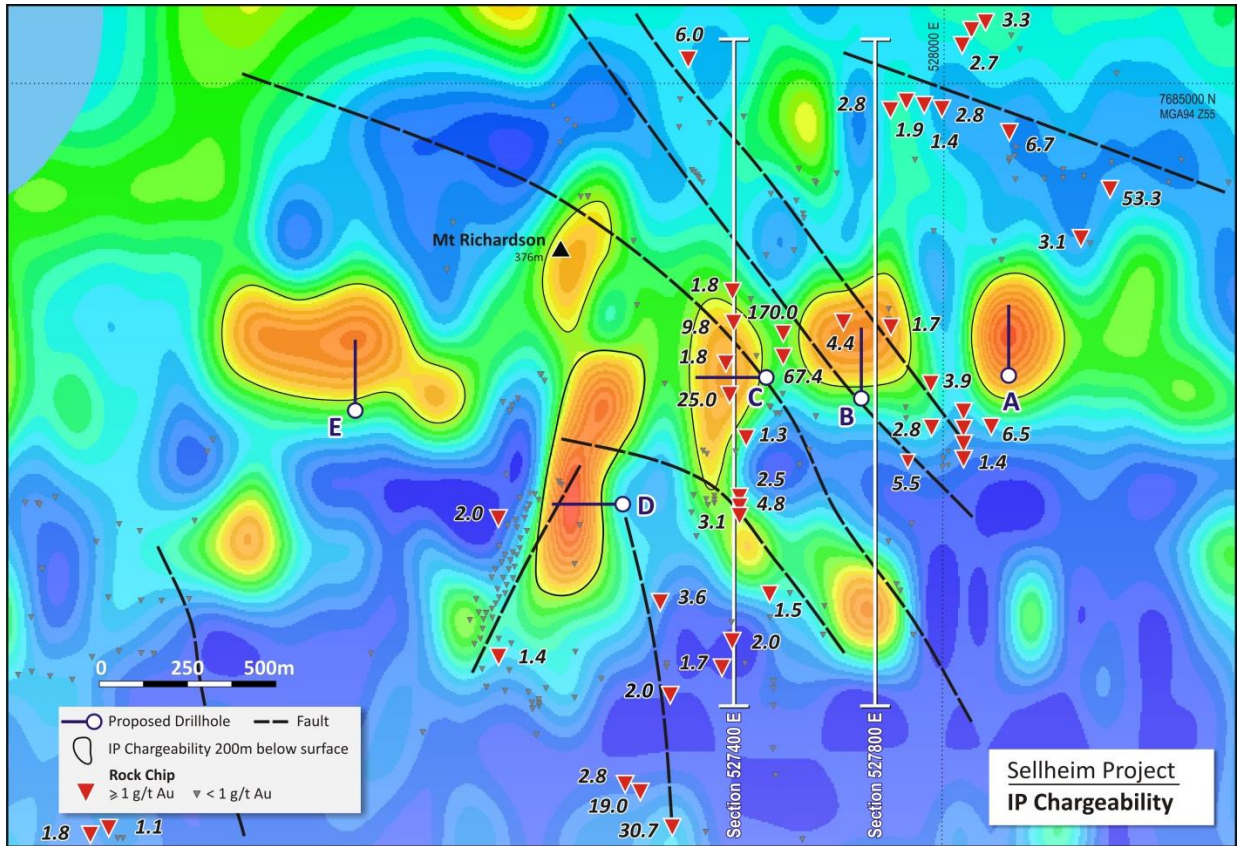


Figure 3. Same map area as Figure 2 showing IP chargeability and relationship to elevated gold in surface rock chip samples. Proposed drill holes are shown (A-E).

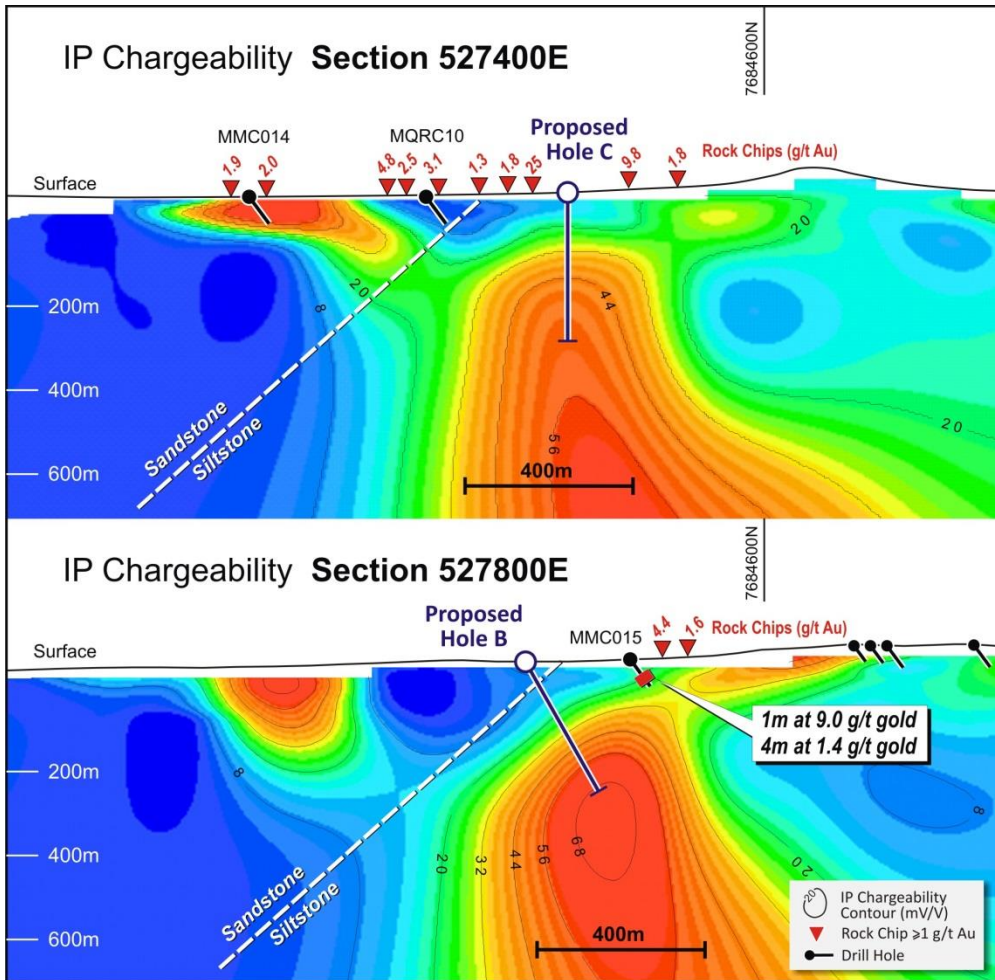


Figure 4. Cross-section of the IP inversion model showing historic shallow drill holes, surface rock chip samples, IP anomalies located beneath a geological contact and proposed drill holes.

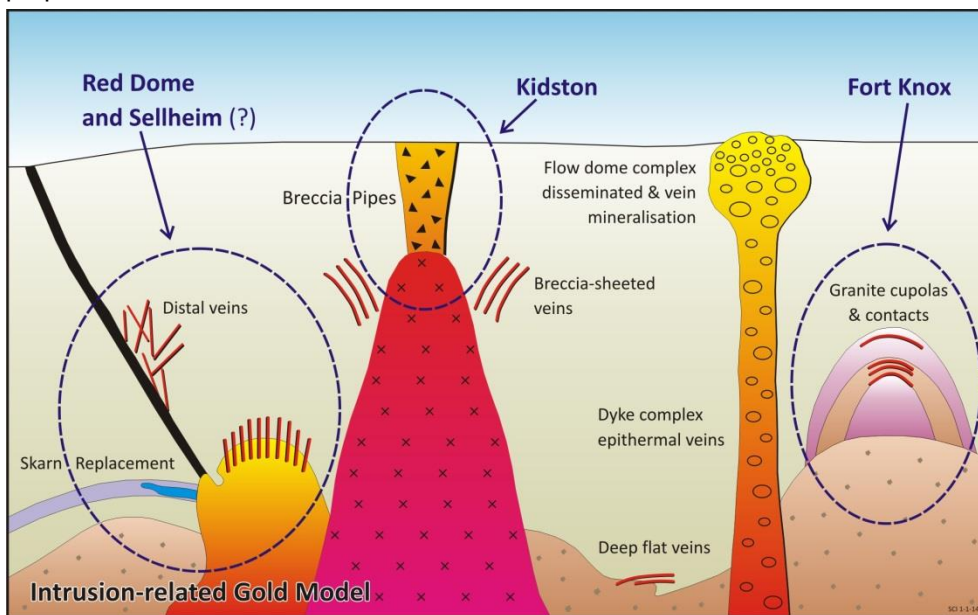


Figure 5. Intrusion-related model for gold deposition.

Note: Technical details of the work conducted to date have been reported under the JORC Code 2012 edition (ASX Release 4 November 2013). For more information investors are referred to this release and presentations on the Company website, www.silvercityminerals.com.au.

SILVER CITY MINERALS LIMITED



Christopher Torrey
Managing Director

Competent Person

The information in this report that relates to Exploration Results is based on information compiled by Chris 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 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.

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, and a pipeline of prospects moving toward the drill assessment stage. The Company continues to seek out quality projects for exploration and development and has ventured to North Queensland where it has entered into a Farm-in and Joint Venture Agreement with a private consortium to explore for large intrusion-related gold deposits. The Company considers this to be a unique exploration opportunity to be undertaken in conjunction with its programs at Broken Hill.

CONTACT DETAILS

Management and Directors

Bob Besley	Chairman
Chris Torrey	Managing Director
Greg Jones	Non-Executive Director
Ian Plimer	Non-Executive Director
Ian Hume	Non-Executive Director
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