

SILVER CITY MINERALS



Silver City Minerals Limited

ACN 130 933 309

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

Thursday 19 November 2015

Time of Meeting

10.00 am (Sydney time)

Place of Meeting

Level 1, 80 Chandos Street, St Leonards, NSW



NOTICE OF ANNUAL GENERAL MEETING

SILVER CITY MINERALS LIMITED

ACN 130 933 309

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Silver City Minerals Limited (**Company**) will be held at Level 1, 80 Chandos Street, St Leonards, NSW on 19 November 2015 at 10.00 am (Sydney time) for the purpose of transacting the following business.

ORDINARY BUSINESS

2015 Financial Report

To receive and consider the financial statements of the Company for the year ended 30 June 2015, consisting of the Financial Report, the Directors' Report and Auditor's Report.

Resolution 1 - Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That the Remuneration Report of the Company for the year ended 30 June 2015 be adopted."

Resolution 2 - Re-Election of Robert Besley as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Robert Besley, having retired as a Director pursuant to clause 12.3 of the Company's Constitution and, being eligible and having offered himself for re-election, be re-elected as a Director."

SPECIAL BUSINESS

Resolution 3 - Grant of Options to Managing Director, Christopher Torrey

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11, and for all other purposes, approval is given for issue of 1,000,000 Options to Christopher Torrey (or his nominee) for nil consideration at an exercise price of 4 cents each, expiring 3 years after the date of issue and otherwise on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice."



NOTICE OF ANNUAL GENERAL MEETING

Resolution 4 - Issue of Shares up to 10% of the Company's Issued Capital

To consider, and if thought fit, to pass the following as a **special resolution**:

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum which is attached to and forms part of this Notice."

By order of the Board

A handwritten signature in black ink, appearing to read 'Ivo Polovineo'.

Ivo Polovineo
Secretary
Date: 6 October 2015



NOTICE OF ANNUAL GENERAL MEETING

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting, and should be read in conjunction with this Notice of Annual General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and the Explanatory Memorandum.

Voting Exclusion

Resolution 1

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (d) the vote is not cast on behalf of a person described in paragraphs (a) or (b) above.

If a shareholder wishes to nominate the Chairman as their proxy for the purpose of Resolution 1 the shareholder can direct the Chairman to vote by marking one of the boxes for Resolution 1 on the Proxy Form. If a shareholder appoints the Chairman as proxy or the Chairman of the meeting is appointed as proxy by default but the shareholder does not mark a voting box for Resolution 1, the shareholder will be taken to have expressly authorised the Chairman of the meeting to exercise the proxy in respect of Resolution 1 even though the item is connected with the remuneration of Key Management Personnel.

The Chairman intends to vote all available proxies in favour of Resolution 1.

Resolution 3

The Company will disregard any votes in respect of each of these resolutions if they are cast by or on behalf of Christopher Torrey or an associate of Christopher Torrey.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



NOTICE OF ANNUAL GENERAL MEETING

Resolution 4

The Company will disregard any votes cast on Resolution 4 by:

- (a) A person who may participate in the proposed issue of shares and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if the resolution is passed; and
- (b) Any associate of those persons.

However, the Company need not disregard any vote by any such persons on Resolution 11 if:

- (a) It is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or
- (b) It is cast by the person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

Record date

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth), that the holders of Shares recorded in the Company's register as at 7pm (Sydney time) on 17 November 2015 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Proxies

- (a) Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative;
- (b) Each shareholder has a right to appoint one or two proxies;
- (c) A proxy need not be a shareholder of the Company;
- (d) If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution;
- (e) Where a shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- (f) If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands;
- (g) A proxy must be signed by the Shareholder or his or her power of attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with the Company's Constitution and the Corporations Act.
- (h) To be effective, proxy forms must be received by the Company's share registry (Boardroom Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, that is no later than 10.00 am Sydney time on 17 November 2015. Any proxy form received after that time will not be valid for the scheduled meeting.



NOTICE OF ANNUAL GENERAL MEETING

Hand Delivery

Boardroom Pty Limited
Level 12,
225 George St
SYDNEY NSW 2000

By Mail

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

By Facsimile

(02) 9290 9655

Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative



EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice of Annual General Meeting convening the annual general meeting of shareholders of Silver City Minerals Limited (**Company**) to be held on 19 November 2015. This Explanatory Memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice of Annual General Meeting and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Resolutions 1 to 3 are ordinary resolutions and Resolution 4 is a special resolution. They are separate resolutions and in no way dependent on each other.

ORDINARY BUSINESS

2015 Financial Report

This item of business relates to the receipt and adoption of the Company's Financial Report for the year ended 30 June 2015. The 2015 Annual Report can be accessed on the Company's website at www.silvercityminerals.com.au.

Resolution 1 - Remuneration Report

The Remuneration Report is a section of the Directors Report contained in the 2015 Annual Report. It is a requirement of the Corporations Act that the Report be provided to shareholders and voted upon by a vote which is advisory only and does not bind the Directors or the Company. However, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGM's, shareholders will be required to vote at the second of those AGM's on a resolution that another meeting be held within 90 days at which all of the Company's Directors who are subject to a re-election requirement must go up for re-election. At the 2014 AGM, 0.53% of votes were cast against approval of the Remuneration Report.

The Remuneration Report:

- Explains the Board's policies relating to remuneration of Directors, secretaries and executives of the Company;
- Discusses the relationship between such policies and the Company's performance;
- Provides details of any performance conditions attached to such remuneration; and
- Sets out remuneration details for each Director and certain named executives.

Resolution 2 - Re-Election of Robert Besley as a Director

Pursuant to clause 12.3 of the Company's Constitution, a Director must not hold office (without re-election) after

the third annual general meeting following the Director's appointment or three years, whichever is longer.

Mr Besley was re-elected as a Director at the 2012 Annual General Meeting of the Company and accordingly resigns and offers himself for re-election. The Company provides the following information concerning Mr Besley:

Biographical details

Mr Besley is a geologist with more than 40 years' experience in the minerals industry in Asia, the Middle East, North and South America, Australia and the Pacific Rim. He spent 13 years with Unocal, seven of those as Manager of Minerals for Australia and the Pacific and was General Manager of Australmin Holdings Limited when that company developed a minerals sands project in eastern Australia and a gold mine in Western Australia. Mr Besley founded and was Managing Director of CBH Resources Limited from its initial ASX listing as a junior to when it was an important Australian zinc/lead/silver producer. He was a founding Director of Kimberley Metals Ltd, now KBL Mining Limited, and is currently a non-executive director. He is a Director of the non-listed company Murray Zircon that operates the Mindarie zircon mine in South Australia. Mr Besley has served on a number of Government and Industry advisory boards.

Details of relationships between the Candidate and the Company

Mr Besley is a non-executive director and chairman of the Company.

Details of relationships between the Candidate and Directors of the Company

Not applicable.

Other directorships held

Mr Besley is a non-executive director of KBL Mining Limited.

The term of office already served by Mr Besley

Mr Besley joined the Board on 5 March 2010.

The Directors (other than Mr Besley) do not have an interest in the outcome of Resolution 2 and recommend that shareholders vote in favour of Resolution 2.

Resolution 3 - Grant of Options to Managing Director, Christopher Torrey

In accordance with Resolution 3 the Company proposes to grant 1,000,000 Options to the Managing Director, Christopher Torrey, as a component of his equity based remuneration. The Options will be issued for nil consideration at an exercise price of 4 cents each with an expiry date being three years from the date of issue. The options will vest immediately.

Further terms and conditions of the Options are set out in the schedule to this Explanatory Memorandum.

Mr Torrey is a related party of the Company due to the fact that he is a Director. The issue of Options



EXPLANATORY MEMORANDUM

constitutes a “financial benefit” as described in the Corporations Act.

Under Chapter 2E of the Corporations Act a public company cannot give a financial benefit to a related party unless an exception applies or shareholders have, in a general meeting, approved the giving of that financial benefit to the related party. It is the view of the Board that the issue of Options to Mr Torrey, as a component of his equity based remuneration, does not require shareholder approval under Chapter 2E of the Corporations Act and that the exemption in section 211(1) of the Corporations Act applies to the proposed issue of Options.

The Board considers that the issue of Options to Mr Torrey constitutes reasonable remuneration given the circumstances of the Company and the responsibilities involved in Mr Torrey’s role as Managing Director. In this respect, the Board has specifically considered the number of Options proposed to be granted to Mr Torrey and the underlying value of those Options. Accordingly, the Company is not seeking shareholder approval under Chapter 2E of the Corporations Act for the issue of Options to Mr Torrey.

Shareholder approval for the grant of Options is being sought for the purposes of ASX Listing Rule 10.11. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.1.

If Resolution 3 is passed, it will permit the Company to issue the Options to Mr Torrey who is a Director, and therefore a related party of the Company.

Disclosure for the purposes of Listing Rule 10.11

The Company makes the following disclosures in respect of Resolution 3 in accordance with Listing Rule 10.13 and for the purposes of Listing Rule 10.11.

Name of the person

Mr Christopher Torrey, Managing Director of the Company.

The maximum number of securities to be issued

The Company will issue a maximum of 1,000,000 Options to Mr Torrey.

The date by which the Company will issue the securities

The Company intends to grant the Options to Mr Torrey as soon as practicable after the date of the Annual General Meeting but in any event, no later than one month after the date of the Meeting.

The issue price of the securities and a statement of the terms of the issue

The Options will be issued for no consideration, with an exercise price of 4 cents each and an expiry date being three years from the date of issue. The options will vest immediately. The key terms of the Options are set out in the schedule to this Explanatory Memorandum.

Intended use of the funds raised

No funds will be raised by the issue of the Options. Any funds raised by the exercise of the Options will be

committed to the Company’s working capital requirements

Directors’ Recommendation

The Directors (other than Mr Torrey because of his interest) recommend that shareholders vote in favour of resolution 3.

The Board (other than Mr Torrey) considers that the issue of 1,000,000 Options to Mr Torrey as part of his equity based remuneration and in recognition of his contribution to the Company and his ongoing responsibilities is appropriate.

The Board has formed this view having regard to the nature of the role of the Managing Director and Christopher Torrey’s level of skill and experience, and to the circumstances of the Company. Additionally, the issue of Options to Christopher Torrey allows him to further participate in the future growth and prosperity of the Company through share ownership, thus reinforcing his commitment to the Company.

SPECIAL BUSINESS

Resolution 4 - Issue of Shares up to 10% of the Company’s Issued Capital

Listing Rule 7.1A enables an eligible entity to seek shareholder approval to issue Equity Securities up to 10% of its issued share capital over a 12 month period commencing from the Annual General Meeting where shareholder approval is received. The 10% issue capacity allowed under Listing Rule 7.1A (“7.1A 10% Capacity”) is in addition to the Company’s 15% annual placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 7.1A 10% Capacity.

The exact number of Equity Securities to be issued under the 7.1A 10% Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).



EXPLANATORY MEMORANDUM

Listing Rule 7.1A

Shareholder approval required

The ability to issue Equity Securities under Listing Rule 7.1A is subject to shareholder approval by way of special resolution at an Annual General Meeting.

Class of equity securities issued

Any Equity Securities issued under the 7.1A 10% Capacity must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two quoted classes of Equity Securities:

- fully paid ordinary Shares; and
- Listed Options.

Calculating 7.1A 10% Capacity

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue during the period of the approval a number of Equity Securities calculated in accordance with the following formula:

(AxD)-E

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

- **Plus** the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- **Plus** the number of partly paid Shares that became fully paid in the 12 months;
- **Plus** the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- **Less** the number of fully paid Shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% issue capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

Effect of Listing Rule 7.1 with 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% issue capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 116,300,601 Shares and therefore will have a capacity to issue:

- (i) 17,445,090 Equity Securities under Listing Rule 7.1; and
- (ii) Subject to shareholder approval being sought under this Resolution 4, 11,630,060 Equity Securities under Listing Rule 7.1A

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class of Equity Securities were recorded immediately before:

- The date on which the price at which the Equity Securities are to be issued is agreed; or
- If the Equity Securities are not issued within 5 Trading Days of the date referred to above, the date on which the Equity Securities are issued.

Approval Validity Period

Shareholder approval of the 7.1A 10% Capacity under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- The date that is 12 months after the date of the Annual General Meeting at which the approved is obtained; or
- The date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

a) Specific Information required by Listing Rule 7.3A

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trading in that class of Equity Securities were recorded immediately before:

- (i) The date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) If the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.



EXPLANATORY MEMORANDUM

If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 7.1A 10% Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:

- (i) The market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) The Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The following table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

Variable 'A' in Listing Rule 7.1A2		Issue Price Assumptions		
		Less: 50% \$0.014	Base \$0.028	Plus: 100% \$0.056
Current 116,300,601	10% issue	11,630,060	11,630,060	11,630,060
	Funds raised	\$162,820	\$325,641	\$651,283
Plus 50% 174,450,901	10% issue	17,445,090	17,445,090	17,445,090
	Funds raised	\$244,231	\$488,462	\$976,925
Plus 100% 232,601,202	10% issue	23,260,120	23,260,120	23,260,120
	Funds raised	\$325,641	\$651,283	\$1,302,566

The table also shows:

- Two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- Two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

The table has been prepared on the following assumptions

- The Company issues the maximum number of Equity Securities available under the 7.1A 10% Capacity.
- No Options are exercised which have converted into Shares before the date of issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 7.1A 10% Capacity, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A and not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the 7.1A 10% Capacity consists only of Shares. If the issue of Equity Securities includes Listed

Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

- The issue price is \$0.028 being the closing price of the Shares on ASX on 5 October 2015.
- The Company will only issue and allot the Equity Securities during 12 months following the approval of Resolution 4. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).



EXPLANATORY MEMORANDUM

The Company may seek to issue the Equity Securities for the following purposes:

- Non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- Cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or
- investments (including expenses associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 7.1A 10% Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- The methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing securities holders can participate;
- The effect of the issue of the Equity Securities on the control of the Company;
- The financial situation and solvency of the Company; and
- Advice from corporate, financial and broking advisers (if applicable).

The allottees under the 7.1A 10% Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 7.1A 10% Capacity will be the vendors of the new resources assets or investments.

The following table shows details of all issues of Equity Securities in the 12 months preceding the Annual General Meeting and other information required under Listing Rule 7.3A.

On 20 November 2014 the Company had on issue 116,300,601 ordinary shares and 35,667,263 options making a total of 151,967,864 Equity Securities. During the previous 12 months the Company issued 7,000,000 equity securities, which represents 4.6% of the total on issue at 20 November 2014.

The Company previously obtained Shareholder approval under Listing Rule 7.1A on 20 November 2014.

A voting exclusion statement is included in this Notice of Meeting. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice

Issue Date	Details	Names of the persons to whom securities were issued or basis on which determined	Consideration	Number of securities issued	Class and Description	Issue Price	Closing Market Price	- Discount/+ Premium
2 December 2014	Directors' Options	Directors	Nil	6,000,000	Options exercise price \$0.10 expiring 2 Dec 2017	N/A	N/A	N/A
2 December 2014	Employee Options	Eligible Employees	Nil	1,000,000	Employee Options exercise price \$0.10 expiring 2 Dec 2017	NA	NA	NA
			Total	7,000,000				

**GLOSSARY**

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

ASX means ASX Limited ACN 008 624 691;

ASX Listing Rules means the official listing rules of ASX;

Board means the board of Directors;

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth);

Company means Silver City Minerals Limited ACN 130 933 309;

Corporations Act means *Corporations Act 2001* (Cth);

Directors mean the directors of the Company;

Equity Securities has the meaning given to that term in the ASX Listing Rules;

Key Management Personnel has the same meaning as in the accounting standards (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director, whether executor or otherwise, of the Company);

Listed Options means listed Options of the Company each with an exercise price of 25 cents and an expiry date of 19 December 2014;

Meeting means the meeting of shareholders convened by the Notice of Annual General Meeting;

Notice of Annual General Meeting means the notice of annual general meeting to which this Explanatory Memorandum is attached;

Option means an option to acquire a Share;

Share means a fully paid ordinary share in the capital of the Company; and

Trading Day means a day determined by the ASX to be a trading day in accordance with the ASX Listing Rules.



SCHEDULE

TERMS AND CONDITIONS OF OPTIONS

- The options held by the optionholder are exercisable in whole or in part at any time during the exercise period. Options not exercised before the expiry of the exercise period will lapse.
- Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price in cleared funds.
- The Company will not apply for official quotation on ASX of the options. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
- Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the optionholder dies, the legal personal representative of the deceased optionholder may:
 - elect to be registered as the new holder of the options;
 - whether or not he becomes so registered, exercise those options in accordance with the terms and conditions on which they were granted; and
 - if the deceased has already exercised options, pay the exercise price in respect of those options.
- An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
- If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.

- If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

- A = the new exercise price of the option;
 - O = the old exercise price of the option;
 - E = the number of underlying ordinary shares into which one option is exercisable;
 - P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stockmarket of ASX during the five trading days immediately preceding the ex-rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
 - S = the subscription price for a security under the pro rata issue;
 - D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
 - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.

**All Correspondence to:**

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Level 12,
225 George St
SYDNEY NSW 2000

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10.00 am (Sydney Time) on Tuesday 17 November 2015.**

TO VOTE BY COMPLETING THE PROXY FORM**STEP 1 APPOINTMENT OF PROXY**

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10.00 am (Sydney Time) on Tuesday, 17 November 2015.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Level 12,
225 George St
SYDNEY NSW 2000

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Silver City Minerals Limited

ACN 130 933 309

☐ Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Silver City Minerals Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the Chair of the Meeting (mark box)

OR if you are NOT appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Level 1, 80 Chandos Street, St Leonards, NSW on 19 November 2015 at 10.00 am (Sydney Time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters in Resolutions 1 and 3: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 and 3, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these resolution even though Resolutions 1 and 3 are connected with the remuneration of members of key management personnel for Silver City Minerals Limited. The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 and 3). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-elect Robert Besley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Grant of Options to Christopher Torrey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares up an additional 10% of Issued Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2015