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Listings Compliance (Sydney)
ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

SILVER CITY EXERCISES OPTION TO ACQUIRE THE WELLINGTON PROJECT

HIGHLY PROSPECTIVE COPPER-GOLD TENURE LOCATED 15KMS FROM THE BODA
DISCOVERY

Key Highlights:

- Silver City has exercised its option to acquire the Wellington Project, a highly prospective copper-gold exploration package in the Lachlan Fold Belt, NSW
- The Wellington Project is strategically located in Australia's largest porphyry province and circa 15kms south of Alkane Resources' Boda Discovery
- Due diligence confirmed that Wellington has potential to host porphyry copper-gold mineralisation and other styles of mineralisation
- A number of prospective areas have been identified for further follow up, including a significant 1.2km copper anomaly from historic works at the Wilunga Copper Prospect where limited reliable gold testing has occurred
- Silver City also continues to look at other opportunities to expand its footprint in the Lachlan Fold Area

Silver City Minerals Limited (ASX: **SCI**) (**Silver City** or **Company**) is pleased to announce that it has exercised its option to acquire the Wellington Project which is located circa 15kms to the south of the Boda discovery (Alkane Resources NL). By way of background, the Company announced on 11 March that it had entered into a binding option agreement with Syndicate Minerals Pty Ltd to acquire the Wellington Project (i.e. its holdings in ELA 5852 Wellington).

SCI Director Mr Roland Gotthard commented "Silver City is extremely pleased to exercise its option to acquire this ground. We believe the ground is highly prospective for porphyry copper gold mineralisation, and being so close to the outstanding Boda Discovery (*Alkane Resources Limited ASX:ALK*) and the Commonwealth Project (*Impact Minerals Limited ASX:IPT*) there is a compelling argument to be in this

area. We think the Lachlan Fold Belt is an area with enormous potential for significant discoveries, and we will continue to look at other opportunities to expand our footprint in the region.”

As part of the Option agreement, Silver City has been conducting due diligence on the Project which has identified a number of areas of interest for follow up. One of the key targets will be the significant 1.2km copper anomaly identified from historic works at the Wilunga Copper Prospect. The copper anomaly at Wilunga identified from soils, recorded coherent copper mineralisation over 1.2kms and peak values of 2,000ppm copper. The area has seen limited gold assaying in historic soil sampling and requires follow up work (refer Announcement 16 April 2020).

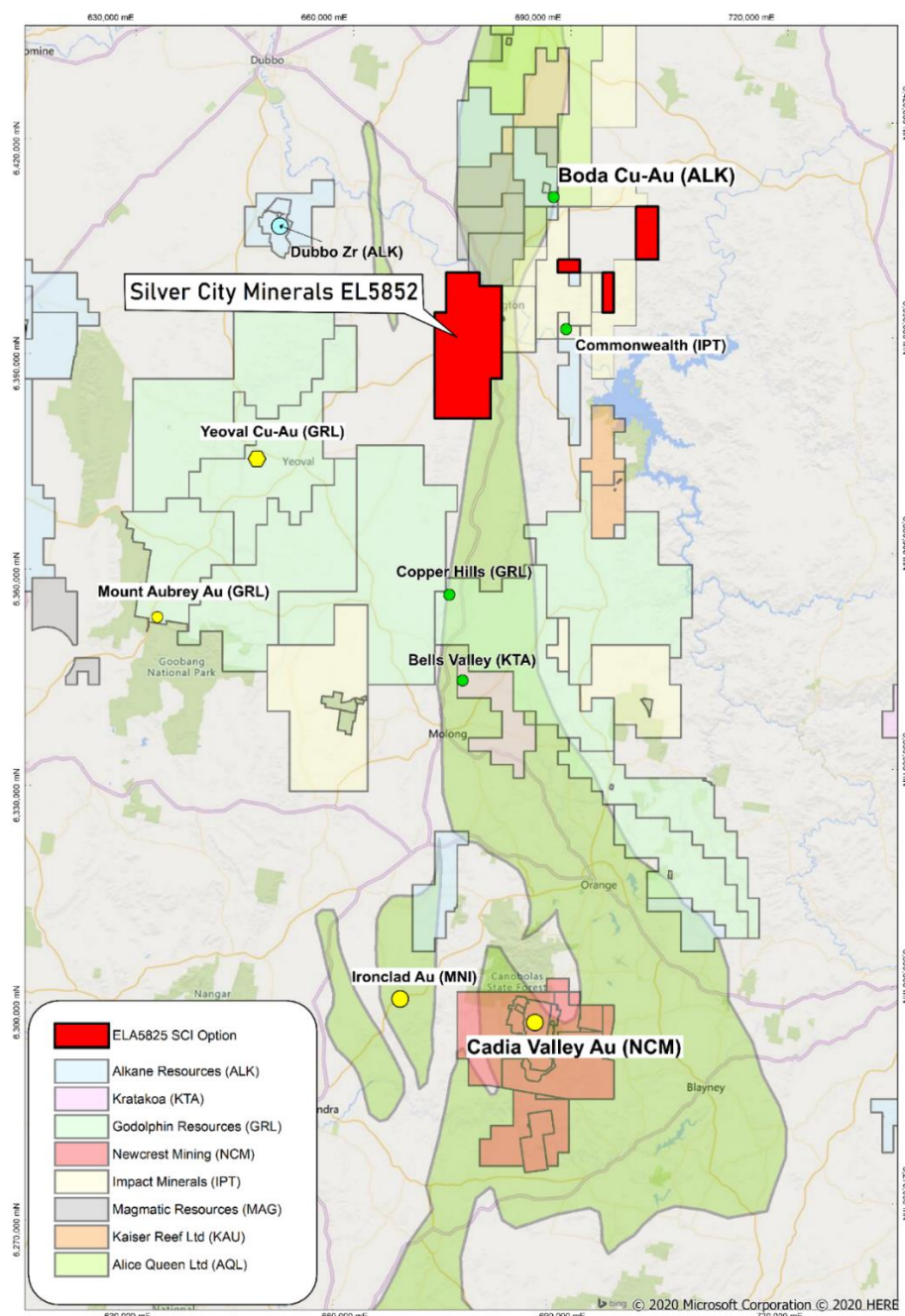


Figure 1: Location of ELA5825 in NSW

Terms of Option, Acquisition and Placement

Set out below are the terms and conditions of the option agreement (**Agreement**) between the Company and the vendor, Syndicate Minerals Pty Ltd (**Vendor**), pursuant to which the Company has a right to acquire the Tenement:

- **Option:** The Company was granted an option to acquire the Tenement exercisable following execution of the Agreement (**Option**).
- **Conditions Precedent:** The Agreement is conditional on the satisfaction or waiver of the following conditions precedent following exercise of the Option:
 - the Company exercising the Option;
 - the Company completing a capital raising to raise no less than \$200,000 (**Capital Raising**);
 - the parties receiving all necessary regulatory and third-party approvals, including shareholder approval for the issue of consideration securities to the Vendor (or its nominees); and
 - the Company reimbursing the Vendor \$10,000, representing the bond paid in respect of the Tenement.
- **Consideration:** In consideration for the Tenement, the Company will issue to the Vendor (or its nominee) 15,000,000 fully paid ordinary shares at a deemed issue price of \$0.01 per Share in the capital of the Company (**Shares**) and 7,500,000 options to acquire Shares, exercisable at \$0.02 on or before 31 October 2022 (**Options**). The Company will also grant to the Vendor a 1.5% net smelter return royalty in respect of all metals and minerals produced from the Tenement on customary terms. The issue of consideration shares and options is subject to shareholder approval at the Company's forthcoming general meeting (**GM**).
- **Introducer Shares:** On completion of the acquisition, the Company will also issue the Vendor (or its nominees), 2,250,000 Shares at a deemed issue price of \$0.01 per Share and 1,125,000 options to acquire Shares, exercisable at \$0.02 on or before 31 October 2022 (**Options**) as an introduction fee. The issue of introducer shares and options is subject to shareholder approval at the Company's forthcoming general meeting (**GM**).

The Company will seek shareholder approval for the acquisition at the GM which it expects to conduct in June 2020. Thereafter, the settlement requirements for the completion of acquisition will occur.

This announcement has been authorised by the Board of Directors of Silver City Minerals Limited.

-ENDS-

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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. SCl was established in May 2008 and has been exploring the District where it controls Exploration Licenses 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.

Caution Regarding Forward Looking Information.

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

COMPETENT PERSONS STATEMENT

The information in this announcement that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr Roland Gotthard. Mr Gotthard is a Director of Silver City Minerals and a member of the Australian Institute of Mining and Metallurgy. Mr Gotthard has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this announcement and to the activity which they are 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' ("JORC Code"). Mr Gotthard consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Section 1 sampling techniques and data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where ‘industry standard’ work has been done this would be relatively simple (e.g. ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> Historical rock chip, stream and channel sampling is detailed in historical DIGS databases Various rock chip, stream sediment and soil sample programs have been completed over the tenure since 1967, as detailed in the body of the text
Drilling techniques	<ul style="list-style-type: none"> <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> Historical drilling was by mud rotary, RAB and diamond core

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • No historical sample recovery information is available
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • N/A
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Historical assaying is presented unadjusted from exploration reports • Sampling methods are not documented in all historical drilling

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> Historical sampling information is partial and incomplete in some instances Historical assay and sample methodologies may not represent current best practise
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> Historical information is presented unadjusted from the results reported in the statutory reports
Location of data points	<ul style="list-style-type: none"> <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> The Company has not sighted historical drill collars on ELA5852 Drill collar locations were taken from historical exploration reports on the DIGS system via conversion of historical local grids Grid conversion and accuracy is unknown
Data spacing and distribution	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve</i> 	<ul style="list-style-type: none"> Reporting of historical exploration results is considered appropriate to the early stage exploration

Criteria	JORC Code explanation	Commentary
	<i>estimation procedure(s) and classifications applied.</i> <ul style="list-style-type: none"> • <i>Whether sample compositing has been applied.</i> 	
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • N/A
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • N/A
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • N/A

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> ELA5852 is located in New South Wales and is an application held 100% by Syndicate Minerals Pty Ltd Silver City Minerals holds an exclusive Option and Purchase Agreement over ELA5852 until 25th April 2020
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Exploration results were sourced from DIGS exploration reports available from the Department of Mines and Resources of New South Wales online databases
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The project lies within the Ordovician to Carboniferous Lachlan Fold Belt, primarily within the Silurian and Devonian volcanosedimentary succession
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. 	<ul style="list-style-type: none"> Drill hole information is sourced entirely from historical DIGS reports and GSNSW databases

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	
Data aggregation methods	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> N/A
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> No determination of true widths has been made
Diagrams	<ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> A map showing tenement locations has been included Maps showing the distribution of mineralised occurrences and anomalies has been provided

Criteria	JORC Code explanation	Commentary
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Historical results have been described in a manner consistent with historical interpretations of them, except where modified by work undertaken by the Company. It is considered unfeasible and inappropriate to report all historical results.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> N/A
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> No field work is planned prior to negotiating Deed of Access