



Annual General Meeting – 21 November 2017 Chairman's Address to Shareholders

After several years of very difficult conditions for junior explorers the sector started to pick up in 2015-16 with interest in gold and energy related metals. The past year has seen stronger interest in a range of metals and minerals driven by improving global economies and rapid development of the “renewable” energy and battery storage sectors. Cobalt has seen an almost 3 times price increase over the past 2 years while copper is up 55%, zinc 36% and lead 42%. Stocks of metals on the London Metal Exchange have been falling. This indicates a strong year ahead for metal prices and continuing interest in the exploration sector.

Silver City has maintained a longer term view and continued to invest in exploration through the down cycle while keeping the lowest possible corporate costs. A range of projects were evaluated in detail but the focus has remained on discovery in the world class Broken Hill and Cobar mineral districts where the Company has detailed knowledge and excellent tenement positions.

Studies have shown that the discovery rate over the past 10 years for the major metals and gold has been falling indicating that replacement of existing mine inventories will require increased exploration spending. Your Company is well placed to take advantage of this increase because of its land positions at Broken Hill and Cobar.

At Broken Hill recent exploration by the Company has highlighted the potential for a new copper province to emerge. The Copper Blow project, 20 kilometres south of Broken Hill is shaping up to be the first IOCG (iron oxide copper gold) deposit discovered in NSW. This style of deposit is host to many large copper-gold deposits elsewhere in Australia and globally. Silver City's first drilling programme at Copper Blow has intersected high grade copper-gold and highlighted the potential at depth and along strike. Geophysical and geochemical surveys have shown Copper Blow is part of a six kilometre long zone of coincident magnetic and gravity highs with anomalous copper geochemistry and several targets ready for drilling. Importantly the presence of significant cobalt values both with copper mineralisation and as cobalt only mineralisation has emerged from Silver City's exploration results and indicates the potential for by-product and stand-alone cobalt deposits.

Very recent work by the Company has located a 25 kilometre long zone that hosts copper and cobalt mineralisation at Yalcowinna, 40 kilometres north east of Broken Hill. To date eleven prospects have been identified, along the trend with three having high cobalt values as the dominant metal.

Broken Hill is a tier one world class deposit (the world's largest and highest grade deposit of zinc-lead-silver) and Silver City hold an outstanding tenement position over prospective host rocks and known Broken Hill type mineralisation within 50 kilometres of the city of Broken Hill and its well established mining infrastructure. At the Razor Back Project the Company has developed strong evidence for a repeat of the Broken Hill setting 10 kilometres along strike

from the northern end of the Broken Hill deposit. Here it is believed an off-faulted extension of the Broken Hill host rocks lie under shallow alluvial cover, with a 5 kilometre long RAB zinc anomaly and a further 5 kilometres unexplored. It is testimony to the lack of past exploration of the district that this 10 kilometre zone in a replica of the Broken Hill setting and less than 10 kilometres north had never had a drill hole prior to Silver City taking up the ground. It is evident that the same lack of modern exploration applies to copper.

Silver City has a small but highly experienced team. The board and management have extensive experience in operating mines as well as exploration. This includes in depth knowledge of the Broken Hill and Cobar districts and their operating conditions. The Company has CBH Resources as a 25% contributing joint venture partner on the Copper Blow Project. They are the operators of the Rasp Mine at Broken Hill and the Endeavor Mine at Cobar.

Your Company is well placed to achieve large scale copper and zinc-lead discoveries with the ability to maximise value. We look forward to the year ahead and the opportunity to advance exploration and evaluation on outstanding projects.

Before closing I would like to acknowledge the substantial contribution that Professor Ian Plimer has made to the Company over the past 6 years. Professor Plimer has announced his retirement from the board due to his many other business commitments. He was a founding director of the Company at its IPO in 2011 and has provided Silver City with indepth guidance on technical and corporate issues throughout his time on the board. We wish Professor Plimer every success in his many endeavours.

Bob Besley
Chairman