

SILVER CITY MINERALS LIMITED



Dear Shareholder,

A notice of meeting has been mailed to you, containing resolutions proposed by certain shareholders of the Company (**Requisitioning Shareholders**) for the removal and appointment of Directors.

The current Directors were disappointed to receive the requisition notice from the Requisitioning Shareholders. The Requisitioning Shareholders did not contact the Company to discuss any of their concerns with the management of the Company prior to submitting the requisition notice. All of the current Directors were subject to re-election at the Company's 2019 annual general meeting (**2019 AGM**) held on 22 November 2019 and were each re-elected. The persons now proposed to be Directors by the Requisitioning Shareholders did not provide nominations to offer their candidature for consideration as Directors prior to the 2019 AGM.

The Company must now go through significant distraction, and expense of Shareholders' funds, to convene an additional Shareholder meeting.

The current Directors of the Company wish to ensure Shareholders have all relevant information when making a decision regarding the persons they wish to be the Directors of the Company going forward. The following information is provided for that purpose.

On 10 January 2019, the Company announced that its then Managing Director, Mr Chris Torrey, had resigned and would cease employment with the Company on 31 March 2019. Notwithstanding this, on 28 February 2019, Mr Torrey resigned effective immediately. On that date, the Company's then Chairman, Mr Bob Besley and Non-Executive Director Mr Greg Jones also resigned.

Messrs Besley, Torrey and Jones were all directors of the Company since its listing on ASX in July 2011 (**IPO**). As part of the IPO, the Company raised \$9.8 million through the issue of Shares at 20 cents each.

Also a director at the Company's listing was Professor Ian Plimer. Professor Plimer was due to retire as a Director at the Company's 2017 annual general meeting in accordance with ordinary director rotation rules, and had offered himself for re-election. Despite this, Professor Plimer resigned as a director on the day before that annual general meeting, with the Company citing that his resignation was "due to other business commitments". The resolution for his re-election was withdrawn.

The Requisitioning Shareholders include an entity controlled by Professor Plimer, a former Director of the Company. Professor Plimer has offered himself as a proposed Director.

The Company notes that Mr Besley witnessed the signing of the requisition notice by one of the other Requisitioning Shareholders. Mr Besley or his related entities are not listed as a Requisitioning Shareholder. At the time of his resignation as a Director, Mr Besley's final director's interest notice showed that he had held 3,157,044 Shares.

During Professor Plimer's time on the Board (since its listing on ASX through to November 2017), the Company's Shares have never traded above the IPO issue price of 20 cents. At the time he stepped down to focus on his other business commitments, the Company's Share price was around 3 cents.

Mr Puckridge has been a Director since 3 February 2017. Mr Wates and Mr Pickett were appointed as Directors on 28 February 2019, joining Mr Puckridge on the Board when Messrs Besley, Torrey and

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Jones all resigned. At that time, the Company's Share price was around 1 cent. The Company's Quarterly Cashflow Report for the Quarter ended 31 March 2019 shows that the Company had cash of \$629,000. The Company's Quarterly Cashflow Report for the Quarter ended 30 September 2019 shows that the Company had cash of \$350,000. After restoring investor confidence in the Company, the Company has subsequent to that time completed a capital raising via placement of Shares to investors at 1 cent per Share, raising \$300,000 before costs. As at 15 November 2019, the Company's share price remains around 1 cent.

Given the Company's cash position when Messrs Besley, Torrey and Jones all resigned, and the subsequent costs incurred from termination expenses, it has been difficult for the Company to be in a position to conduct any meaningful exploration on the Company's assets.

Since the resignation of Messrs Besley, Torrey and Jones, the current Directors have taken steps to significantly reduce the Company's administration costs and expenses, whilst reviewing the Company's assets. After doing so, and restoring investor confidence, the Company has subsequently raised additional capital to restore the Company's cash position such that it can now be in a position to:

- consider further development opportunities for the Company's existing assets;
- meaningfully seek out potential value enhancing transactions with third parties for the ongoing development of those assets;
- meaningfully search for additional assets to complement the current assets; and
- engage further technical personnel to assist with the abovementioned activities.

The actions of the Requisitioning Shareholders in calling a Shareholder meeting just as the Company is on the cusp of being able to progress these matters is disappointing. The fact that this action has involved persons who have previously been Directors of the Company for considerable periods of time, where the Company has experienced little success and Shareholders have suffered considerable erosion in value, should be borne in mind by Shareholders when casting their votes.

For, and on behalf of, the board of directors,

Silver City Minerals Limited

ACN 130 933 309

26 November 2019

END