

SILVER CITY MINERALS LIMITED

Quarterly Report

March 2019

ASX Code: SCI

Issued Shares: 293.7M
Unlisted Options: 29.2M
Cash Balance: \$0.63M
ABN: 68 130 933 309

DIRECTORS

Tom Pickett
Darren Wates
Josh Puckridge

TOP SHAREHOLDERS

(At 30 April 2019)

Upsky Equity/G Wates	5.9%
L&M Group	4.5%
Jennings Family Inv	3.9%
Inkex	3.0%
L Kalazich	2.9%
B Liu	2.8%
Top 20:	45.6%

Head Office

Level 1, 80 Chandos Street
St Leonards NSW 2065
T: +61 (2) 9437 1737

E: info@silvercityminerals.com.au

www.silvercityminerals.com.au

HIGHLIGHTS

- Drilling at Copper Blow indicates widespread sulphide mineralisation and associated strong potassic alteration
- Sulphides occur within a magnetite-hematite enriched shear zone as well as surrounding hydrothermally altered host rocks
- Soil surveys indicate the project has a distinctive IOCG signature
- Induced polarisation surveys show that sulphides are abundant both within the magnetite-rich shear zone and altered country rocks
- Approval granted for an extensive RAB survey across three tenements at Copper Blow

OUTLOOK

Copper Blow

- New program of target generation adjacent to the Copper Blow shear zone including RAB drilling, ground gravity surveys and induced polarisation surveys
- Follow-up RC drilling at Copper Blow including resource assessment
- RC drilling of Northern Targets

Other Projects

- Razorback West remains an important project for SCI and is considered prospective for high grade Pb-Zn-Ag
- Copper-cobalt projects previously identified by the Company in the Broken Hill district will undergo more detailed sampling.

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OVERVIEW

During the quarter the Company continued to assess the Copper Blow project south of Broken Hill (Figure 1). Copper-gold mineralisation is associated with magnetite (ironstone) which can be detected under cover using the results of an existing aeromagnetic survey. The results show a magnetically anomalous zone extending over 4.5 kilometres. Copper-gold mineralisation has been systematically tested over a strike length of 1 kilometre in the southwestern part of the anomaly (Figure 2).

The Company has completed four rounds of drilling to test the depth extent of the copper-gold mineralisation at Copper Blow and an induced polarisation (IP) geophysical target to the southeast of Copper Blow.

Regional geophysical and geochemical surveys indicate the magnetic ironstone is only part of a much larger sulphide-mineralised complex. While strong anomalies occur in association with ironstones, other anomalies to the northeast and southeast of Copper Blow suggest widespread sulphide mineralisation at depth.

The current geological thinking is that copper-gold and cobalt mineralisation is related to magmatic fluids derived from iron-magnesium igneous intrusions at depth.

OPERATIONS

Copper Blow (EL 8255, EL 8629, EL 8076; Joint venture with SCI 75%, CBH 25%)

Drilling

No drilling was conducted during the quarter; to date the Company has drilled approximately 8500 metres at Copper Blow prospect (ASX Release 4 October 2018).

Drilling to date has tested the mineral system over a strike length of one kilometre. The mineralisation demonstrates the geological characteristics of an iron oxide copper gold deposit (IOCG), similar to those which form within an arcuate domain on the eastern side of the Gawler Craton in South Australia.

Geochemistry

Previously conducted soil geochemistry (December Quarterly Report) tested the geochemical response within and adjacent to the Copper Blow shear zone.

Three zones of anomalism have been recognised to date (Figures 3 and 4)

1. Copper Blow Geochemical Anomaly

The zone has a strike length of 1.6 kilometres and is coincident with the magnetic ironstone at the southwest end of the belt. The soils are characterised by elevated copper (up to 2010 ppm), gold (up to 0.11 ppm), molybdenum (up to 35.2 ppm), nickel (up to 62.6 ppm) and cobalt (up to 114 ppm). Rare earth elements cerium and lanthanum are enriched as are yttrium and phosphorous.

2. Northern Targets

This zone extends for 1.1 kilometres. It is interpreted to extend both north and south beneath alluvial cover coincident with IP anomalism and may be connected to the Southern IP anomaly. This suggests a total untested strike of 2.7 kilometres.

In the central area, the outcropping rocks in the shear zone are characterised by specular hematite and magnetite. Gossanous breccias occur at surface and host an abundant of iron oxide and sulphate minerals with quartz; suggestive of sulphide at depth (Plate 1). The geochemical response in soils indicates anomalous molybdenum (up to 10 ppm), cobalt (up to 33 ppm) and nickel (up to 79 ppm). Rare earths cerium and lanthanum are similarly anomalous. Copper in this zone returned a best result of 76.3 ppm.

A rock chip sample located in the northern part of this anomaly returned elevated cobalt and gold with no significant copper (sample 30566; **1485 ppm cobalt, 0.39 g/t gold** and 13 ppm copper; ASX Release 16 November 2017).



Plate 1 Northern Targets: Gossanous quartz breccias at surface likely to host sulphide mineralisation at depth.



3. Southern IP targets

This is a target identified using IP. Residual soils over the IP anomaly are characterised by molybdenum (up to 6.6 ppm), nickel (up to 37 ppm) and copper (up to 87.3 ppm) anomalism. Cerium and lanthanum are similarly elevated. Of interest is a consistent zinc anomaly with a peak value of 659 ppm. Drillhole 18CB072 drilled into this anomaly encountered anomalous zinc with copper, bismuth and molybdenum (December Quarterly Report).

During the Quarter approval for a RAB drilling program designed to further test the surface expression of the Copper Blow mineralisation was received from the NSW Department of Planning and Environment. The program covers an area of approximately nine square kilometres across ELs 8255, 8629 and 8076 and comprises a total of over 630 RAB drillholes.

Synopsis

At Copper Blow the Company has discovered a large mineral system which has the geological characteristics of an iron oxide copper gold deposit (IOCG).

To date the Company has encountered significant copper-gold mineralisation in a magnetic ironstone located in a major crustal structure; the Copper Blow shear zone.

Geological models of IOCG deposits suggest there might also be intrusion-related mineralisation adjacent to the shear. Work already completed suggests widespread sulphide mineralisation and strong potassic hydrothermal alteration.

In the eastern part of the tenements there are several distinctive magnetic and gravity anomalies both north and south of the Copper Blow shear zone which have potential to host large copper-gold deposits.

What Next?

The Company proposes to continue to test the main Copper Blow project and anticipates a shallow drilling program to assess near-surface resources. It also plans to complete a preliminary drilling program at the northern end of the magnetic anomaly where IP, magnetic and geochemical anomalies coincide.

In addition, the Company has designed and gained approval for a large RAB drilling program, and plans ground gravity and IP in the eastern part of the tenements with the view to targeting large intrusion-related zones of copper-gold mineralisation.

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Razorback West (EL 8077 100% SCI)

The Company has identified several new targets based on coincident lead geochemistry, IP chargeability and gravity. These targets coincide with a prospective part of the rock sequence interpreted to be the Hores Gneiss. At Broken Hill, located 15 kilometres to the south, this rock hosts, or occurs close to Broken Hill ore zones. To date the lead anomalies at Razorback West have been untested by drilling (Figure 5).

A widely used conceptual interpretation of the nature of the Broken Hill and Potosi ore bodies at Broken Hill can be depicted in a longitudinal section. It shows the doubly plunging nature of high-grade mineralisation and importantly the location of the Stephens Creek shear zone and Razorback West. The model suggests that high grade Pb-Zn-Ag ore should come close to surface within the Razorback West tenement (Figure 6).

Other Tenements

Renewals for EL 8074, EL 8075, EL 8076, 8077 and 8078 were submitted to the NSW Department of Planning and Environment during the quarter and are pending.

CORPORATE

On 2 January 2019, the Company completed a placement of 47.5 million shares at an issue price of 1.2 cents per share. On 27 February 2019, following shareholder approval, the Company issued a total of 26,750,000 options (exercisable at 3 cents on or before 27 February 2022) to participants in the placement, and the lead manager of the placement.

On 28 February 2019, Christopher Torrey, Robert Besley and Gregory Jones resigned as directors of the Company, and Darren Wates and Tom Pickett were appointed as directors. Ivo Polovineo also resigned as company secretary, and Sonu Cheema was appointed in that role.

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Annexure 1 Figures

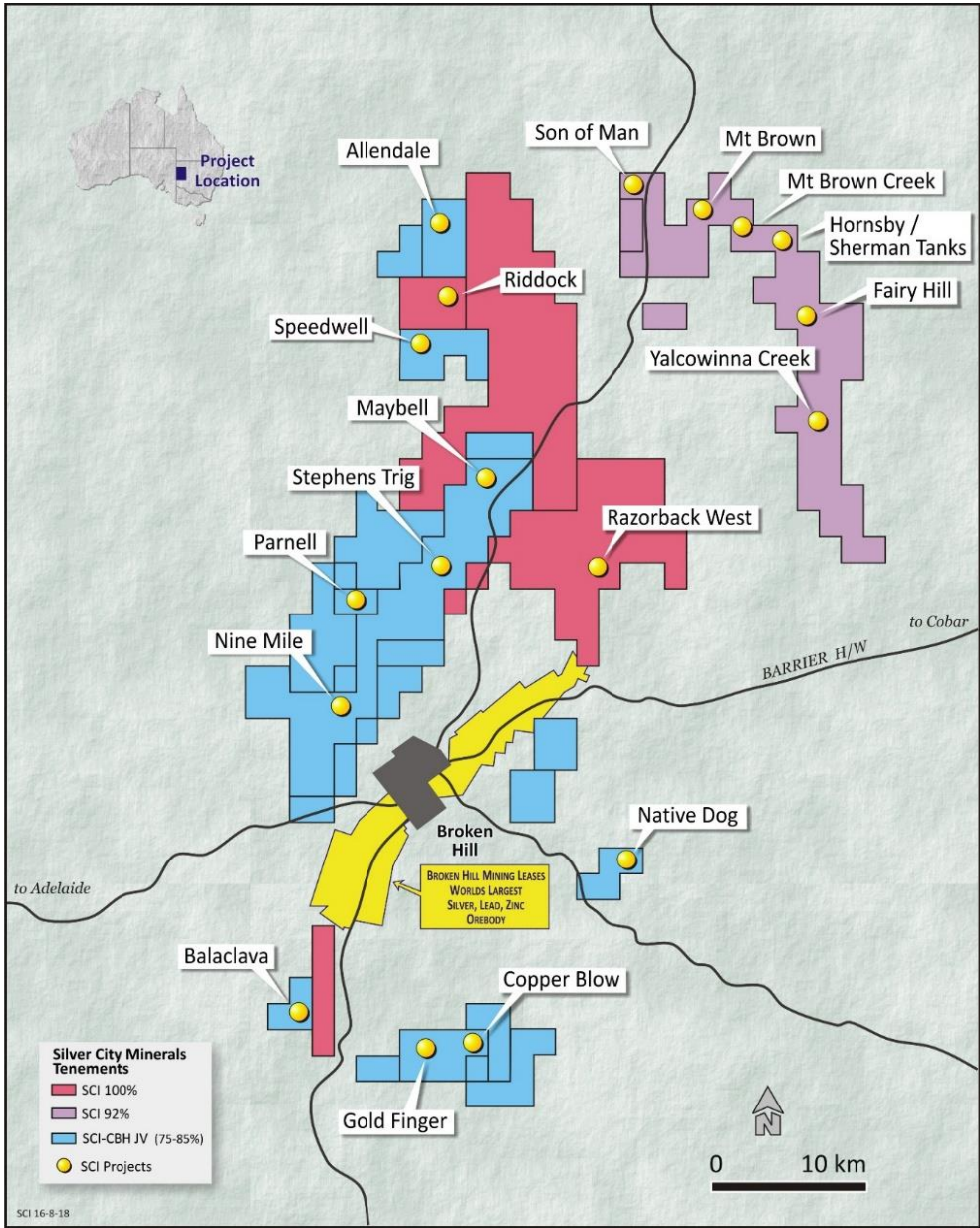


Figure 1 Silver City tenements at Broken Hill

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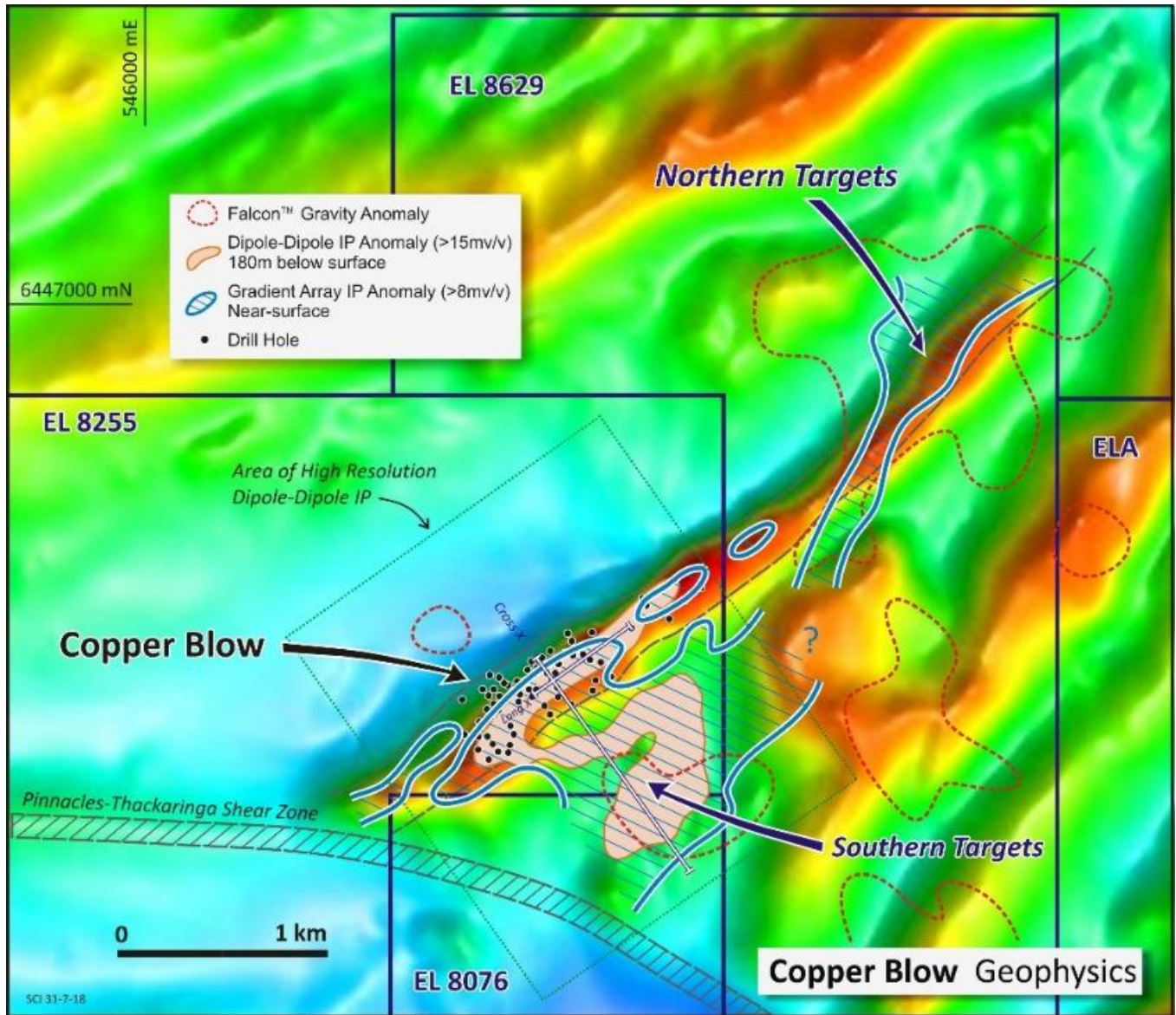


Figure 2 Simplified geophysical map showing background image of reduced-to-pole magnetics, gradient array contour at 8mv/v, the extent of the dipole-dipole IP survey, a horizontal slice of the IP model at 180 metres below surface (15mv/v contour) and Falcon™ gravity anomalies. Diagram shows that the location of interpreted sulphide-bearing rock defined by the 8mv/v contour is significantly larger than the linear magnetic anomaly which host known copper-gold mineralisation at Copper Blow. The Southern target has been tested by hole 18CB072 and results are pending. No significant work has been undertaken at the Northern Target zone.

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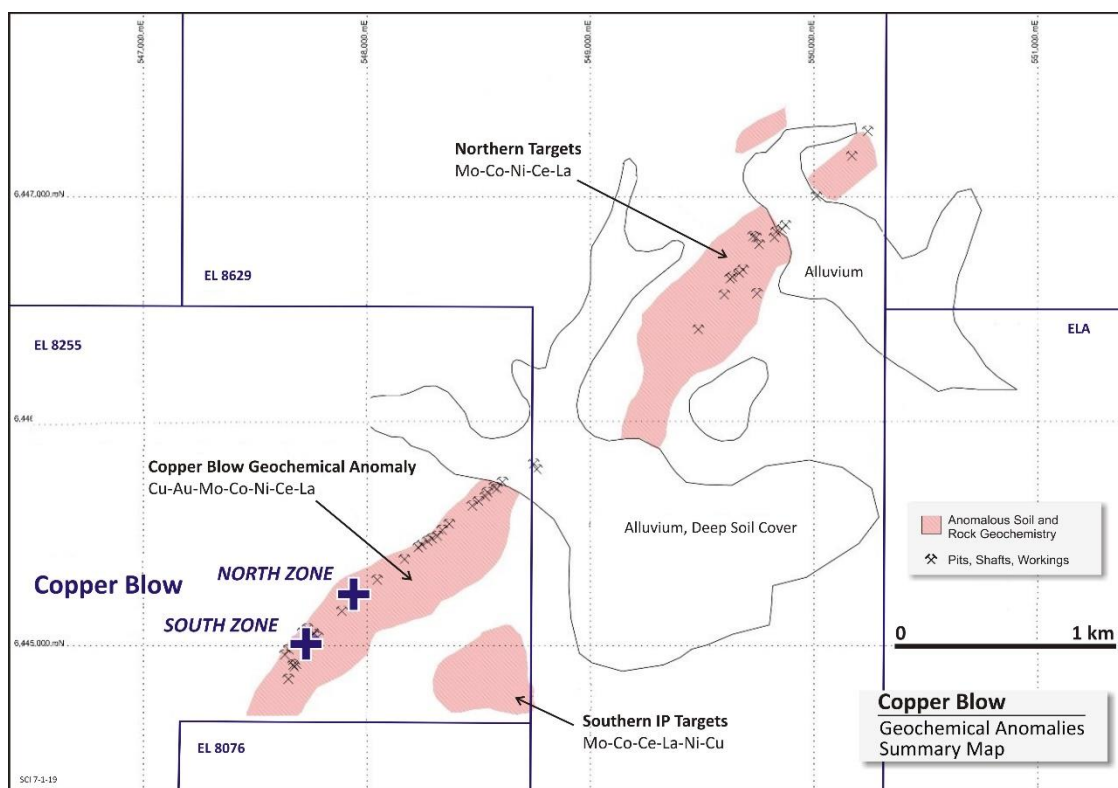


Figure 3 Diagram summarises anomalous elements and their distribution. To date drilling has been concentrated on the North and South Zones at Copper Blow

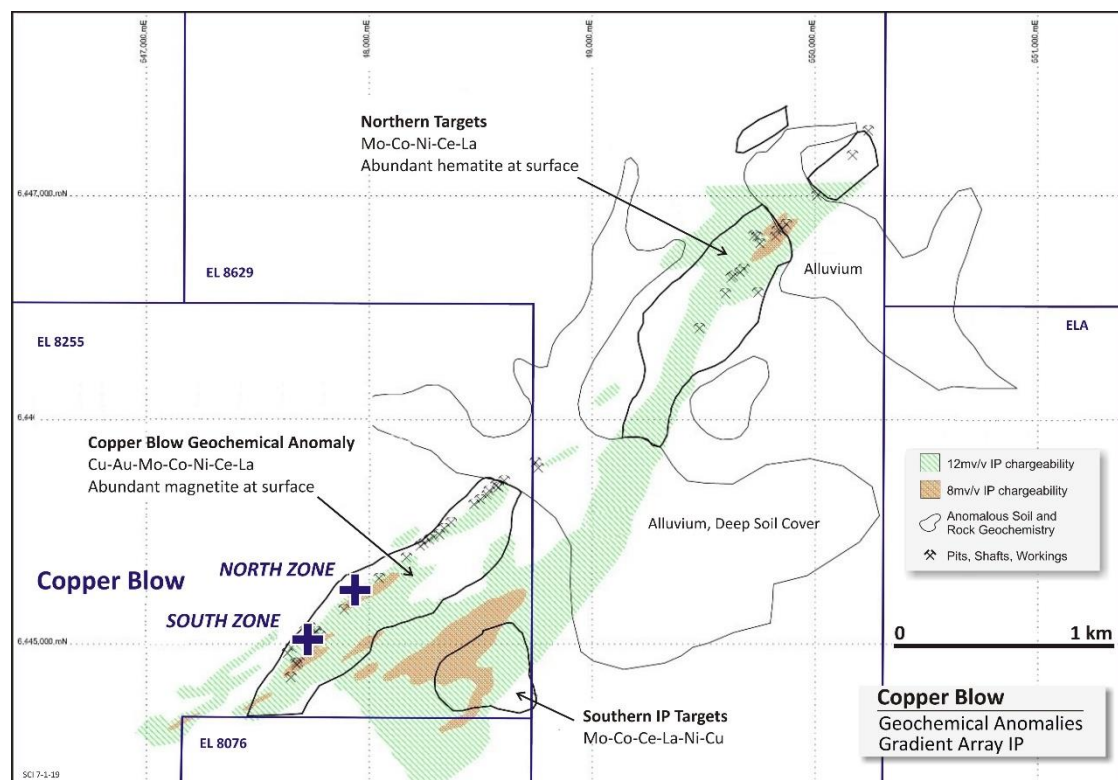


Figure 4 Diagram superimposes geochemical anomalies on gradient array induced polarisation

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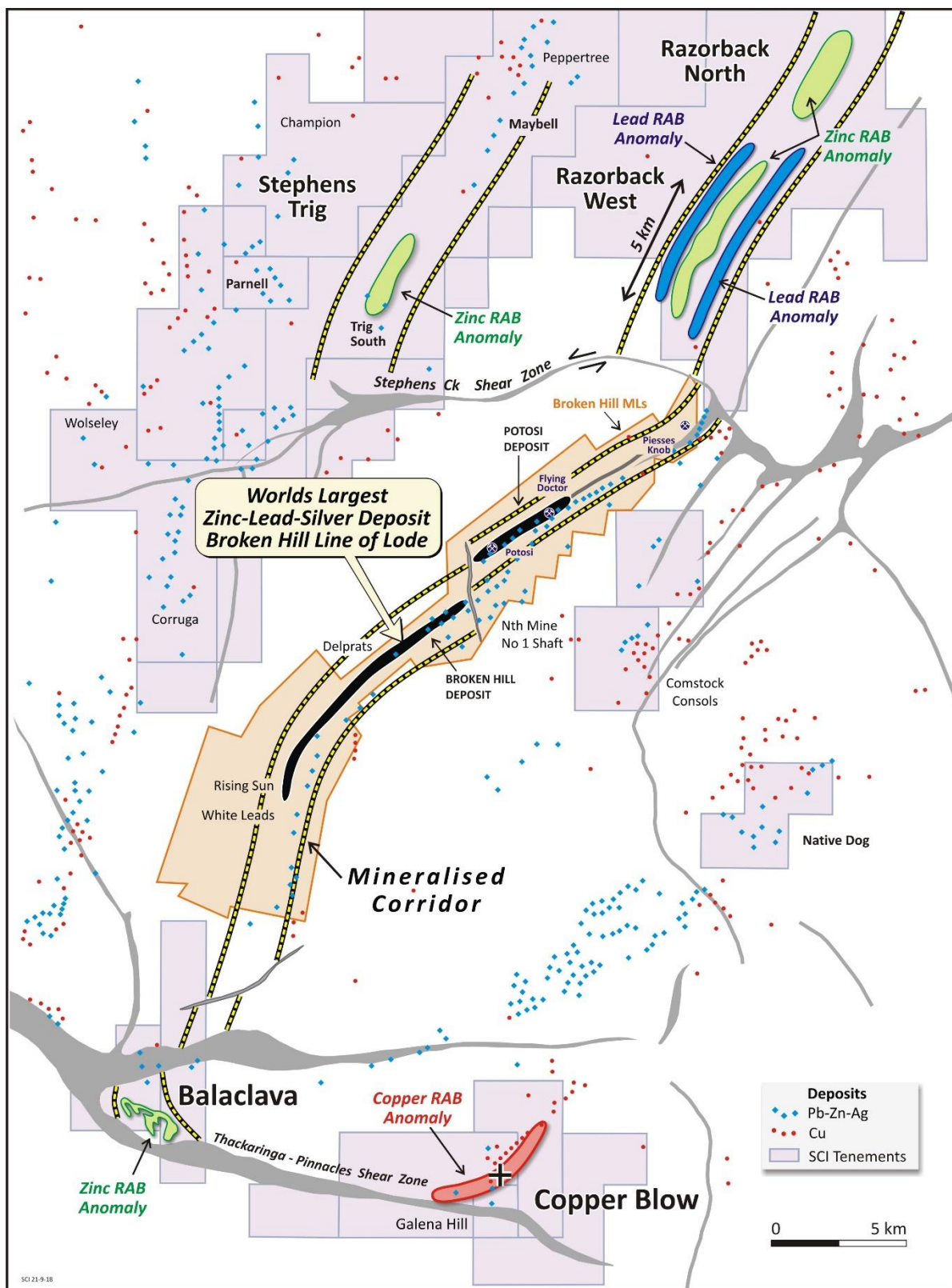


Figure 5 Razorback West project in relation to the Broken Hill and Potosi deposits

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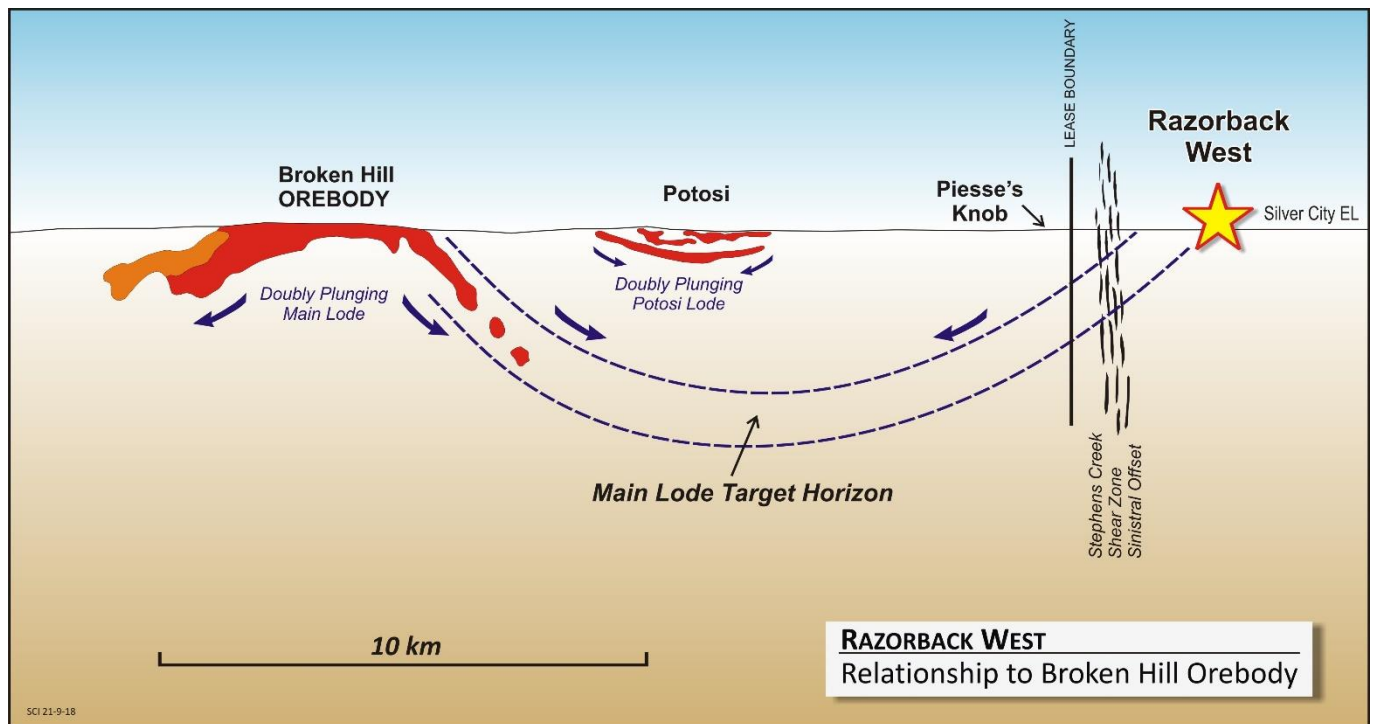


Figure 6 Longitudinal section oriented generally northeast-southwest shows the location of the Main Lode Target Horizon. Razorback West is located where this Horizon would come to surface.

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For, and on behalf of, the Board of directors of the Company,

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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. 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.

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.

Compliance Statement

This report contains information extracted from reports cited herein. These are available to view on the website www.silvercityminerals.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Silver City Minerals Limited

ABN

68 130 933 309

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(51)	(737)
(b) development	-	-
(c) production	-	-
(d) staff costs (excludes direct exploration salaries)	(157)	(305)
(e) administration and corporate costs	(54)	(232)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	37
1.8 Other (provide details if material)		
- Tenement security deposits refunded/(paid)	9	147
- Joint venture and grant income	6	20
- Consulting fees and rental income		
1.9 Net cash from / (used in) operating activities	(246)	(1,063)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(5)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:	-	-
	(a) property, plant and equipment		
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(5)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	570
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(44)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	526

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	875	1,171
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(246)	(1,063)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(5)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	526
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	629	629

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	382	628
5.2	Call deposits	247	247
5.3	Bank overdrafts		
5.4	Other – term deposits	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	629	875

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included
in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in
items 6.1 and 6.2

Current quarter \$A'000
91
-

Salaries, Directors fees and consultancy fees at normal commercial rates and reimbursement of
expenses incurred.

**7. Payments to related entities of the entity and their
associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included
in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in
items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	120
9.2 Development	-
9.3 Production	-
9.4 Staff costs (excludes direct exploration salaries)	30
9.5 Administration and corporate costs	70
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	220

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Wilga Downs	EL 8136	Withdrawal from JV with Thomson Resources	0%	0%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date 30 April 2019

Print name: Sonu Cheema

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose

additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

Mining exploration entity and oil and gas exploration entity quarterly report

Tenement	Tenement No.	SCI Interest	Joint Venture Details
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NEW SOUTH WALES

Aragon	EL 7300	85%	CBH 15%, Eaglehawk 0.5% NSR
Aspen	EL 8685	92%	Eaglehawk 8%
Clevedale	ELA 5731	75%	CBH 25% contributing interest
Coombarra	EL 8255	75%	CBH 25% contributing interest
Enmore	EL 8333	100%	
Himalaya	ELA 5732	75%	CBH 25% contributing interest
Lynor	EL 8076	75%	CBH 25% contributing interest
Native Dog	EL 8236	75%	CBH 25%, Note 1
Rantya	ELA 5702	100%	
Razorback	EL 8077	100%	
Riddock	EL 8020	100%	
Rildar	EL 8074	75%	CBH 25% contributing interest
Saltbush	EL 8629	75%	CBH 25% contributing interest
Southern Cross	EL 8495	75%	CBH 25%
Tindery	EL 8579	100%	
Willyama	EL 8075	75%	CBH 25%, Notes 1 and 2
Yalcowinna	EL 8078	92%	Eaglehawk 8% in area of previous EL7319
Yanco	EL 8454	100%	
Yellowstone	EL 7390	20%	Note 2 Impact Minerals 80%

EL = Exploration Licence (NSW)

ELA = Exploration Licence Application

Note 1 These tenements are subject to agreements with Variscan Mines Limited and Eaglehawk Geological Consulting Pty Ltd whereby Variscan and Eaglehawk hold an NSR (Net Smelter Return) interest in parts of these tenements.

Note 2 Silver City has an agreement with Impact Minerals on the lead-zinc-silver metal rights for this EL. Silver City's interest is free-carried to a Decision to Mine.

The following ELs were consolidated in order to better manage a number of smaller contiguous licences:

Note 3 Clevedale ELA 5731 consolidated the following two ELs:

EL 8074 (Rildar) and part of EL 8255 (Coombarra). These tenements will be relinquished on the successful grant of ELA 5731.

Note 4 Himalaya ELA 5732 consolidated the following four tenements:

EL 8076 (Lynor), part of EL 8255 (Coombarra), EL 8629 (Saltbush) and ELA 5702 (Rantya) as well as including 6 units of available ground. These tenements will be relinquished on the successful grant of ELA 5732.