

SILVER CITY MINERALS LIMITED



Quarterly Report

June 2015

ASX Code: SCI

Issued Shares: 116.3M

Unlisted Options: 10.5M

Cash Balance: \$2.1

ABN: 68 130 933 309

DIRECTORS

Bob Besley

Chris Torrey

Ian Plimer

Greg Jones

Ian Hume

TOP SHAREHOLDERS

(At 2 July 2015)

Sentient Group: 17.74%

Variscan Mines: 12.47%

Top 20: 55.37%

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HIGHLIGHTS

Broken Hill, NSW (silver-lead-zinc)

➤ Balaclava

Drilling is scheduled for August. Preliminary holes will test a mineralised zinc-rich, lode-rock package. Detailed mapping by SCI shows that there are five separate mineralised horizons from one to ten metres thick at surface. These correlate with mineralised intersections outlined in historic holes at depth.

➤ Razorback West

High grade silver sample collected from unmapped gossan zone. A previously unmapped mine working to the west of the main Razorback West anomalies hosts gossanous rock which returned 358 g/t silver and 1.5% lead. This is one of the first indications of significant near-surface mineralisation at Razorback West.

Taupo, New Zealand (gold-silver)

➤ Goldmine Hill

Results of rock chip sampling and mineralogical studies suggest the presence of a once large geothermal system with widespread hydrothermal alteration. The alteration assemblages and geochemical signature are consistent with a model for high grade, low sulphidation epithermal gold-silver deposits.

OUTLOOK

- Initial drilling is scheduled to commence at Balaclava in August.
- Geological work continues to progress Razorback West to drilling stage.
- Geophysical surveys have been proposed at Goldmine Hill.

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OPERATIONS

New South Wales Projects

Broken Hill (lead-zinc-silver)

Balaclava (75% SCI, 25% CBH Resources)

During the Quarter detailed geological mapping and rock chip sampling of the Balaclava project within EL 8076 took place.

Balaclava is thought to be the southern extension of the Broken Hill mine corridor located in a rotated and fault-bounded block of favourable Broken Hill Group rocks. Mapping by SCI confirmed the existence of a substantial lode-rock package 150 metres wide, hosted within metamorphosed sediments and volcanic rocks. The package includes five mineralised horizons (1 to 10 metres in thickness) which dip steeply to the southwest and can be correlated with anomalous intercepts in historic drill holes. The rock package occurs over 200 metres in the vicinity of the historic Balaclava silver mine. Structural measurements indicate that the folded rock sequence plunges at about 35 to 40 degrees to the northwest and rock chip sampling confirms strong lead-zinc anomalism of the lode rock package at surface (Figure 3).

Two preliminary holes of combined reverse circulation and diamond drilling (approximately 500 metres in total), are planned to test the sequence at relatively shallow depths (Figure 4). The Company expects these to be completed in August.

Work by SCI is the first comprehensive assessment and geological modelling of the project and the upcoming drill program will be the first to test the prospect in almost 25 years. Geochemistry, both at surface, in auger and RAB samples and in drill holes suggests potential for high grade zinc mineralisation.

Razorback West (100% SCI)

Although the main Razorback West geophysical and geochemical anomalies lie under alluvial and soil cover, a sequence of rock approximately 300 metres to the west is partly exposed. Mapping of this western sequence shows a previously unmapped, small mine working hosting gossanous (oxidised sulphides) rock. A selective rock chip sample of this material **returned 1.5% lead and high grade silver at 358 g/t**. The old working is located within a broader lead-rich RAB geochemical anomaly and represents one of the few exposures of mineralisation identified at Razorback West to date. It lies to the west of the existing drill holes and it is considered to be a significant geological indicator of the existence of the Broken Hill type mineralisation. A number of other, historic rock chip samples with elevated lead and silver occur within the same horizon 800 metres to the northeast (Figure 5).

SCI geologists continue to build a geological picture of potential mineralisation at Razorback with recent mapping and sampling focussing on new, potential drill targets 200 to 300 metres west of the main anomalies. The proximity of anomalous rock chips to an induced polarisation anomaly (Anomaly "2"; Figure 5) suggested this may be an important future drill target.

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New Zealand Projects

Taupo (gold-silver)

Goldmine Hill (100% SCI)

During the Quarter analytical results were received from thirty rock chip samples collected during the mapping program in February-March. Anomalous pathfinder elements; arsenic and antimony, were returned from a number of samples (maximum of 2160ppm and 179ppm respectively). Gold remained at low levels with the best gold result of 159ppb Au. During the program twenty five samples were collected for mineralogical analyses using XRD and thin-section microscopy

A review of all exploration data by specialist consultant, Applied Petrological Services and Research, New Zealand, suggests the project is situated in a favourable geological environment with respect to the Taupo volcanic zone. Evidence in assemblages of hydrothermal alteration minerals indicates that potentially mineralising, near-neutral fluids were present. This mineral assemblage is largely hidden beneath an assemblage of alunite-rich alteration which contains little or no gold. This is consistent with a poorly eroded epithermal gold-silver system where gold and silver might be precipitated at depth below the acid-style alteration (alunite-kaolinite-pyrite; Figure 6).

The next phase of exploration requires detailed magnetic and resistivity surveys to delineate likely fault structures conducive to hosting high grade mineralisation. This work will require more input from, and discussion with the landowner (Maori Investments Limited) and the traditional owners; the local Te Arawa Iwi.

CORPORATE

Net operating expenditure for the Quarter was \$296k. This included \$199k on projects, \$129k on administration, offset by \$21k received in interest income and \$11k received from JV and consulting income. Cash on hand at the end of the Quarter was approximately \$2.1 million.

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Christopher Torrey

Managing Director

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, and a pipeline. This project is focussed on the discovery of high grade epithermal gold-silver deposits near Rotorua in New Zealand.

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 Person

The information in this report that relates to Exploration Results is based on information compiled by Christopher Torrey (BSc, MSc, RPGeo.) who is a member of the Australian Institute of Geoscientists. Mr Torrey is the Managing Director, a shareholder and full-time employee of Silver City Minerals Limited. Mr Torrey has sufficient experience relevant to the styles of mineralisation and type of deposits under consideration and to the activity he is 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". Christopher consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.



ANNEXURE 1
Diagrams

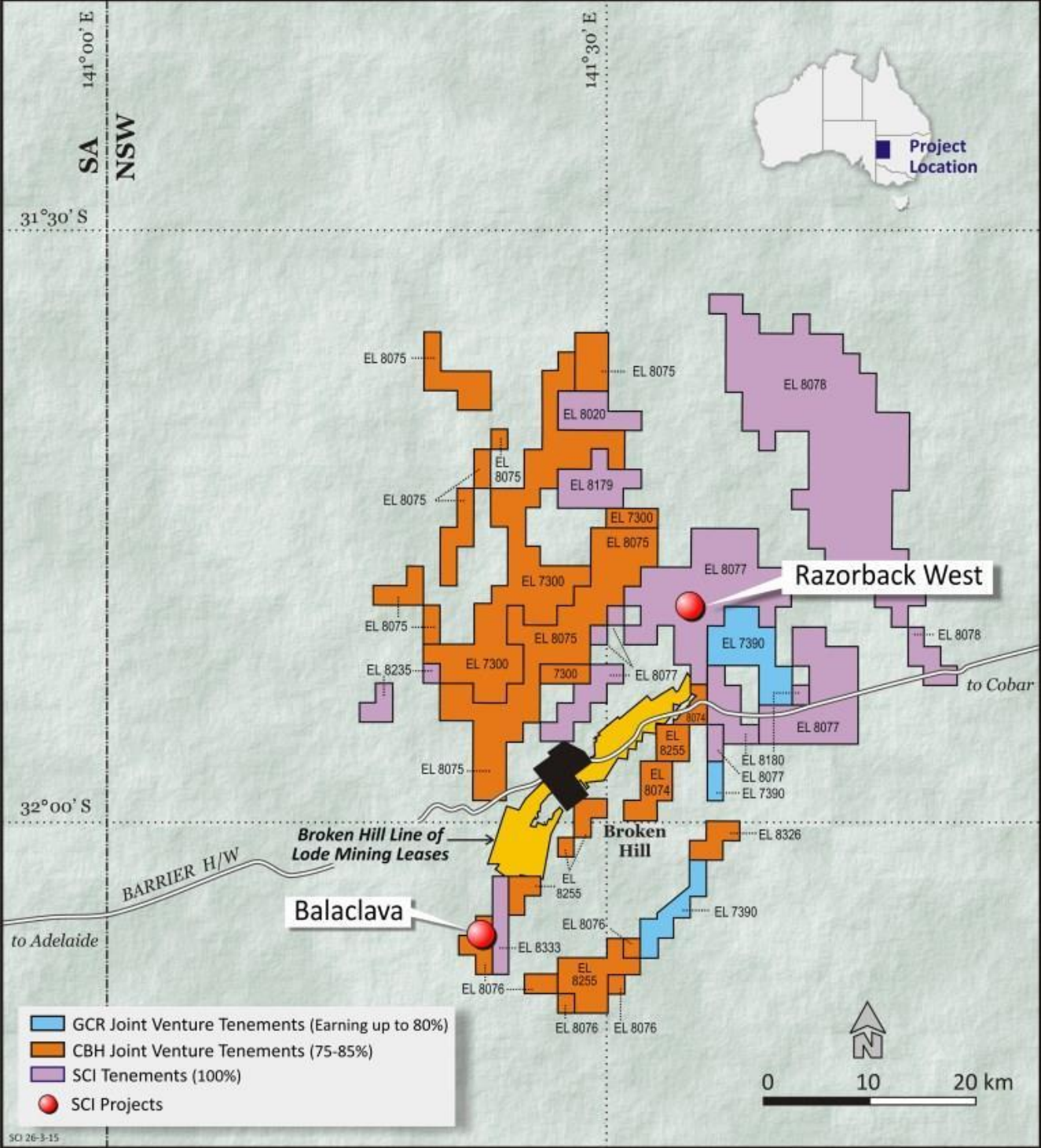


Figure 1. Silver City Minerals, Broken Hill tenements and location of current projects.

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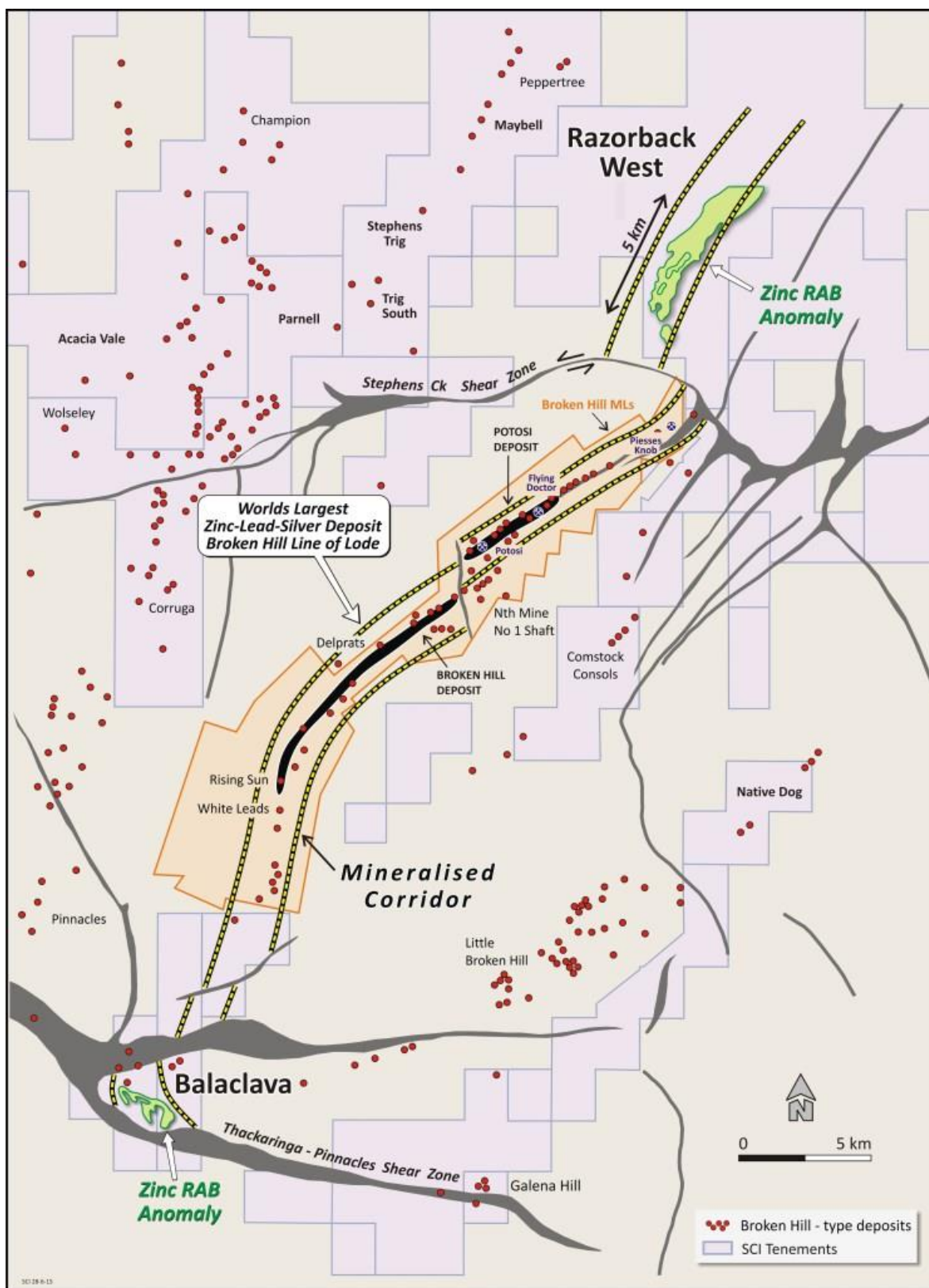


Figure 2. Broken Hill, showing the location and surface projection of the supergiant Broken Hill Deposit. It shows the relationship of the deposit to SCI tenements and specifically to the location of Razorback West to the north and Balaclava to the south. Interpretations suggest both Razorback West and Balaclava are fault-offset and/or fault-rotated extensions of the mineralised corridor which hosts Broken Hill.

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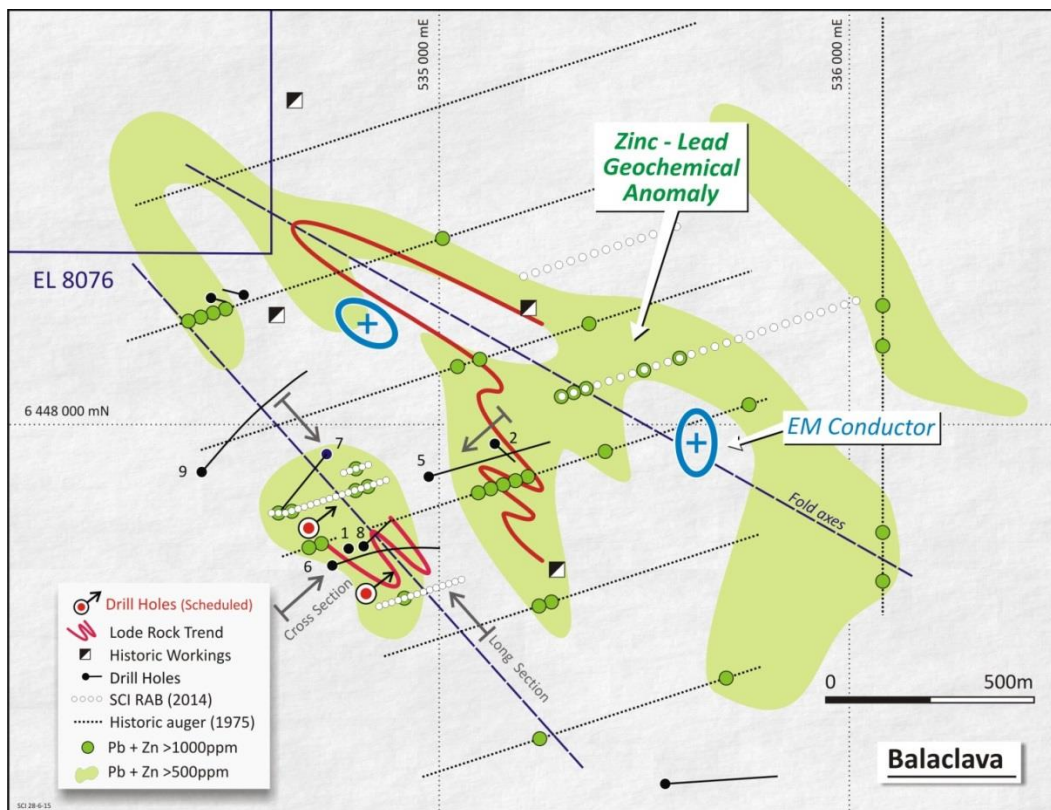


Figure 3. Balaclava Project showing extensive zone of zinc anomalism, historic drill holes and the sheduled SCI drill holes.

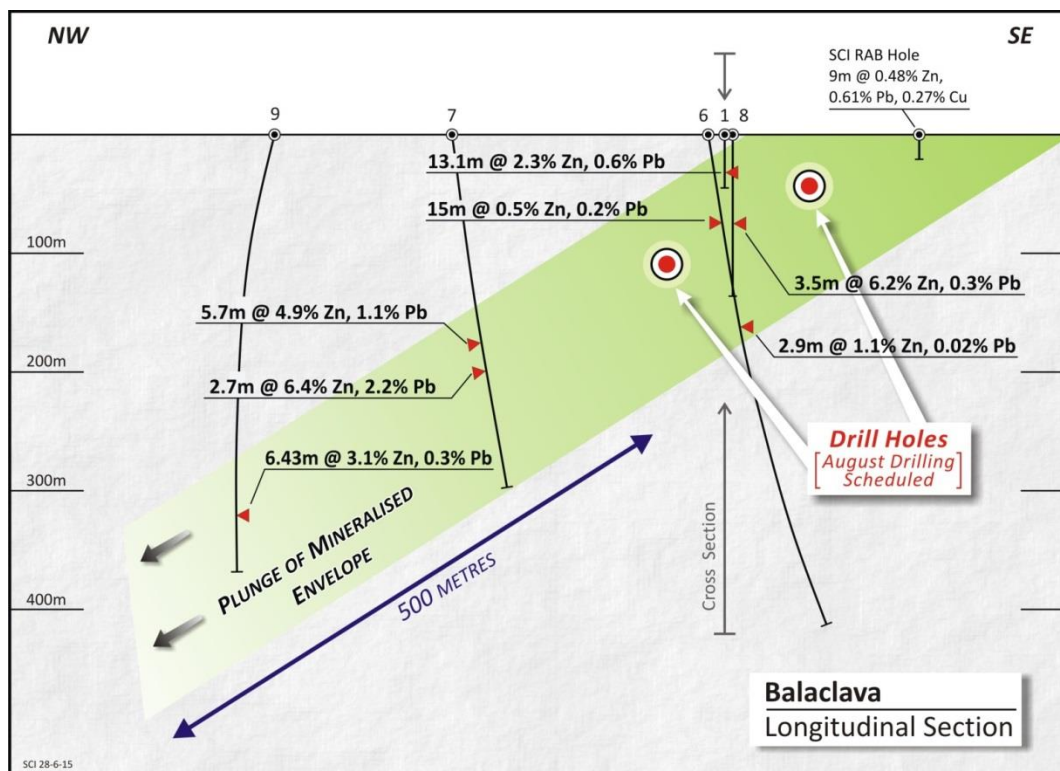


Figure 4. Longitudinal Section of Balaclava showing historic drill holes and intercepts with proposed piercement point for SCI holes.

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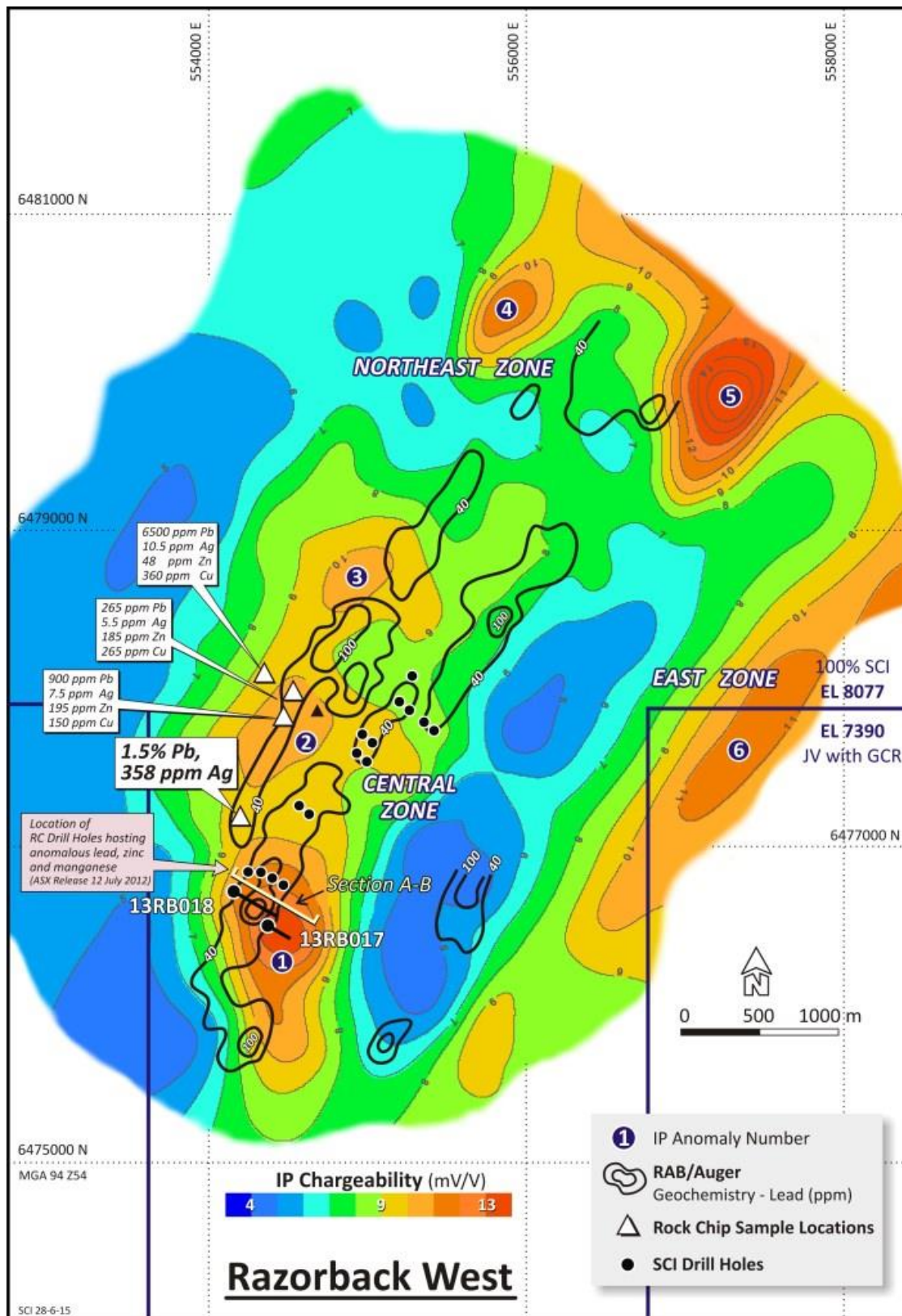


Figure 5. Razorback West project showing RAB geochemical anomalies, induced polarisation anomalies and recent rock chips sample containing 358ppm silver. Data for this diagram released to ASX 12 July 2012 and Quarterly Report June 2013.

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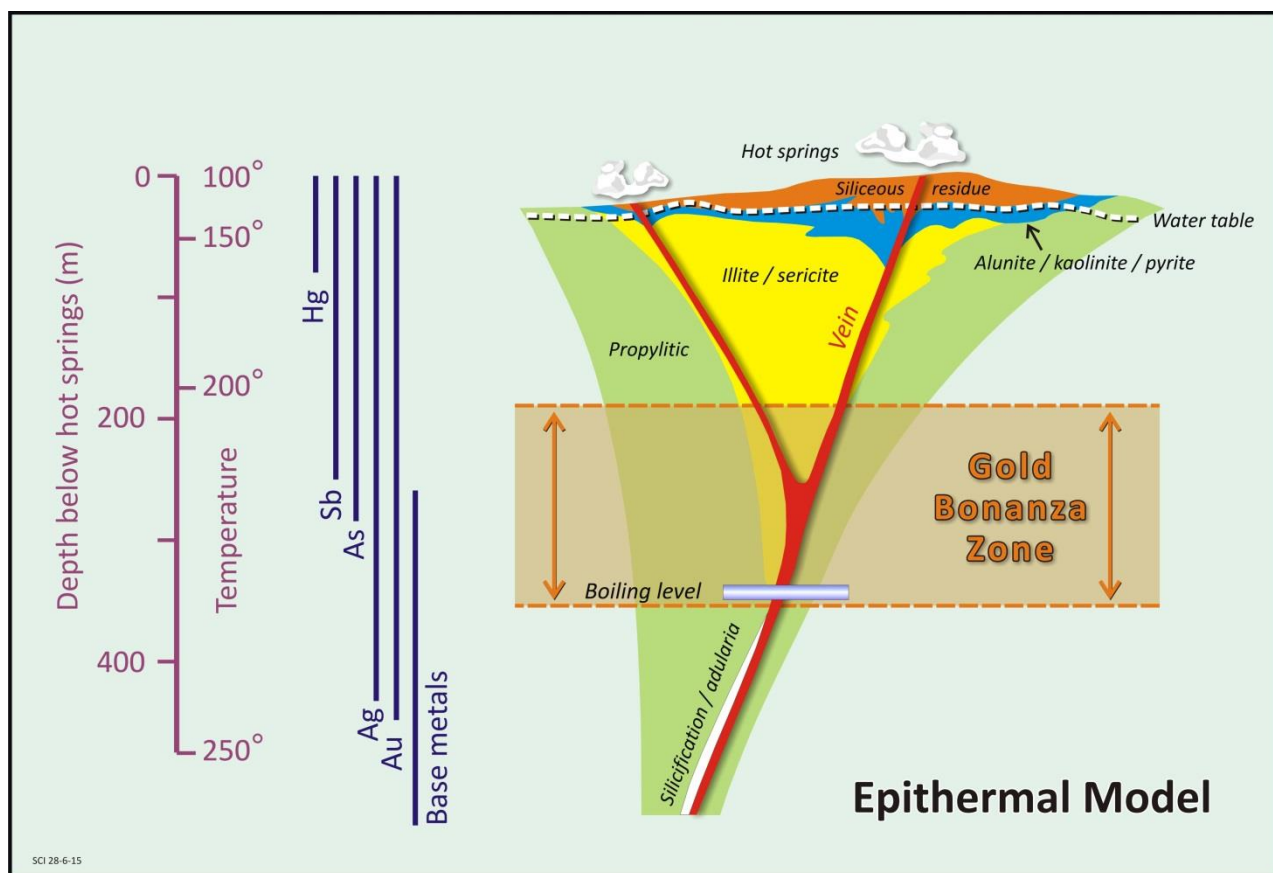


Figure 6. Epithermal Model for the formation of high grade gold-silver deposits. Level of erosion interpreted from alteration minerals suggests Goldmine Hill is within the alunite-kaolinite-pyrite zone (Blue in diagram), and that high grade gold mineralisation might occur 200 metres below this zone. The low levels of gold, and the elevated levels of arsenic (As and antimony (Sb) in SCI samples are consistent with this model).

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg 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. 	<ul style="list-style-type: none"> Selective rock chip samples at both Broken Hill and Goldmine Hill
	<ul style="list-style-type: none"> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<ul style="list-style-type: none"> None
	<ul style="list-style-type: none"> Aspects of the determination of mineralisation that are Material to the Public Report. 	<ul style="list-style-type: none"> Characterisation of various styles of mineralisation is considered Material.
	<ul style="list-style-type: none"> In cases where 'industry standard' work has been done this would be relatively simple (eg '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 (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none">
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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). 	<ul style="list-style-type: none"> No new drilling is reported
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. 	<ul style="list-style-type: none"> No new drilling is reported
	<ul style="list-style-type: none"> Measures taken to maximise sample recovery and ensure representative nature of the samples. 	<ul style="list-style-type: none"> No new drilling is reported
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No new drilling is reported
Logging	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Details of individual rock samples collected have been recorded.
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. 	<ul style="list-style-type: none"> No core logging has taken place
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> No drilling is reported
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. 	<ul style="list-style-type: none"> No drilling is reported
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Sample size is appropriate to characterisation of mineralisation styles

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. 	<ul style="list-style-type: none"> Selective grab samples are adequate for the style of study
	<ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 	<ul style="list-style-type: none"> None
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> None
	<ul style="list-style-type: none"> If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. 	<ul style="list-style-type: none"> No drilling is reported
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 	<ul style="list-style-type: none"> Appropriate techniques were selected. Broken Hill: ALSGlobal analyses using aqua regia digest and ICP-AES finish (Code ME-ICP41), with high grade samples using Code OG46. Goldmine Hill: SGS analyses aqua regia digestion and ICP-MS finish (Code IMS40Q). Gold by 30g charge fire assay (Code: FAI303).
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> None were used
	<ul style="list-style-type: none"> Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> No quality control measures
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. 	<ul style="list-style-type: none"> No drilling is reported
	<ul style="list-style-type: none"> The use of twinned holes. 	<ul style="list-style-type: none"> No drilling is reported
	<ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. 	<ul style="list-style-type: none"> Data primarily noted in field note books and then transferred to company digital database.
	<ul style="list-style-type: none"> Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> None
Location of data points	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Standard handheld GPS (2-5 metres accuracy)
	<ul style="list-style-type: none"> Specification of the grid system used. 	<ul style="list-style-type: none"> At Broken Hill GDA94 MGA Zone 54. At Goldmine Hill NZMS2000
	<ul style="list-style-type: none"> Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Adequate for purposes of survey
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 	<ul style="list-style-type: none"> Spacings are adequate
	<ul style="list-style-type: none"> 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 estimation procedure(s) and classifications applied. 	<ul style="list-style-type: none"> No possibility of establishing grade continuity
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	<ul style="list-style-type: none"> None
Orientation	<ul style="list-style-type: none"> Whether the orientation of sampling achieves 	<ul style="list-style-type: none"> unknown

Criteria	JORC Code explanation	Commentary
of data in relation to geological structure	<i>unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	
	<ul style="list-style-type: none"> <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"> No drilling reported
Sample security	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> None
Audits or reviews	<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"> None undertaken

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"> <i>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.</i> 	<ul style="list-style-type: none"> Goldmine Hill: MEP 56212 and MPP 56147 (both 100% SCI). Exploration is subject to an access agreement with local landowner. Consultation with traditional owners or Iwi is required. Broken Hill: EL 8077 (100% SCI) and EL 8076 (75% SCI). Land access agreements are in place.
	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> Tenure is secure and there are no known impediments to development.
Exploration done by other parties	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> Good quality.
Geology	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> At Broken Hill: BHT lead-zinc-silver At Goldmine Hill: Low sulphidation epithermal gold-silver
Drill hole Information	<ul style="list-style-type: none"> <i>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:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> 	<ul style="list-style-type: none"> No drilling reported
	<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> 	<ul style="list-style-type: none"> No drilling reported
Data aggregation methods	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> 	<ul style="list-style-type: none"> None

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • No drilling reported
	<ul style="list-style-type: none"> • The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> • No drilling reported
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. 	<ul style="list-style-type: none"> • No drilling reported
	<ul style="list-style-type: none"> • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> • No drilling reported
Diagrams	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Annexure 1
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"> • Important element ranges for Goldmine Hill (As: below detection to 2160ppm; Sb:below detection to 179 ppm and Au 3 to 59ppb)
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"> • None reported
Further work	<ul style="list-style-type: none"> • The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). 	<ul style="list-style-type: none"> • Geophysical surveys (Goldmine Hill) and drilling (Balacava) planned.
	<ul style="list-style-type: none"> • 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"> • Annexure 1.