

# SILVER CITY MINERALS LIMITED

ABN 68 130 933 309

ASX Code: SCI

## Silver City Minerals

# First Lithium Explorer @Broken Hill

Proactive Investor Presentations (5-6 July 2016)

# Important Disclaimer

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This presentation is provided to you for the sole purpose of providing background technical, financial and other information to enable you to review the business activities of Silver City Minerals Limited ("Silver City", "SCI" or the "Company"). This presentation 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. Nothing in this material should be construed as the solicitation of an offer to buy or sell SCI securities.

## **Competent Person**

Information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Christopher Torrey, who is the Managing Director and full-time employee and shareholder of Silver City Minerals Limited, and a Member of the Australian Institute of Geoscientists. Mr Torrey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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". Mr Torrey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

# Attractive Investment proposition

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- Large tenement position at Broken Hill ( $\approx 1200$  km<sup>2</sup>)
- Extensive zones of pegmatite within tenements
- Lithium is commonly found in pegmatites
- Lithium is the metal of the future – used in next gen battery technology
- Broken Hill home to world largest Zinc-Lead-Silver Deposit. Has long mining heritage – birthplace of BHP Billiton and Rio Tinto
- SCI has high quality Zinc projects close to Broken Hill - SCI more than just a one-mineral explorer
- Global zinc deficit expected from 2017 onwards

# Company snapshot



Top 5 shareholders	
Sentient Group	13.0%
Variscan Group	4.3%
HSBC Custody Nominees	2.9%
BNP Paribas Nominees	2.9%
RHB Securities Singapore	2.7%

Key metrics			
Market cap (at 5 cents)	\$8.0m	Cash on hand (at 30 June)	\$2.5m
52-week high	13¢	Top 20 shareholders	41.3%
52-week low	1.3¢	Shares on issue (No.)	158.6m
30-day average volume	2.9m	Unlisted Options	10.5m

# Board of Directors

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**Bob Besley**  
**Chairman**

Geologist with over 40 years experience in mining and exploration. Founder and original Managing Director of CBH Resources Limited. Bob took that company from inception as a junior explorer to a large zinc, lead and silver producer with a peak market cap of \$600m. Currently Non-Exec Director KBL Mining Limited.



**Chris Torrey**  
**Managing Director**

Geologist with over 35 years experience in international mineral exploration. Senior management and consulting roles with Cyprus-Amax, ASX-listed Golden Cross Resources, US-listed Golden Minerals and Apex Silver. Past Chairman of Golden Cross Resources.



**Ian Plimer**  
**Non-Executive Director**

Ian Plimer was the inaugural Professor of Mining Geology (University of Adelaide) and Emeritus Professor of Earth Sciences at The University of Melbourne. Ian is considered to be the world expert on the geology of the Broken Hill orebody on which he has worked and published extensively for almost 50 years.



**Greg Jones**  
**Non-Executive Director**

Greg is a geologist with 35 years exploration and mine operational experience. Senior management roles with Western Mining and Sino Gold. He currently holds directorships with ASX-listed companies; Moly Mines, Eastern Iron Limited and Thomson Resources. Greg is the Managing Director of Variscan Mines Limited.



**Ian Hume**  
**Non-Executive Director**

Ian was a founding partner of The Sentient Group, a private equity fund specialising in global investment in the resources sector. Long career of investing in international mining and telecommunications, primarily in North and South America, Russia and the Pacific Rim.



**Yanina Barila**  
**Alternate Non-Executive Director**

Yanina is an investment manager with The Sentient Group. Yanina brings international experience in the review and evaluation of mining and energy projects and her areas of expertise include financial modelling and equity research. She is a non-executive director of TSX-list Tinka Resources Limited.



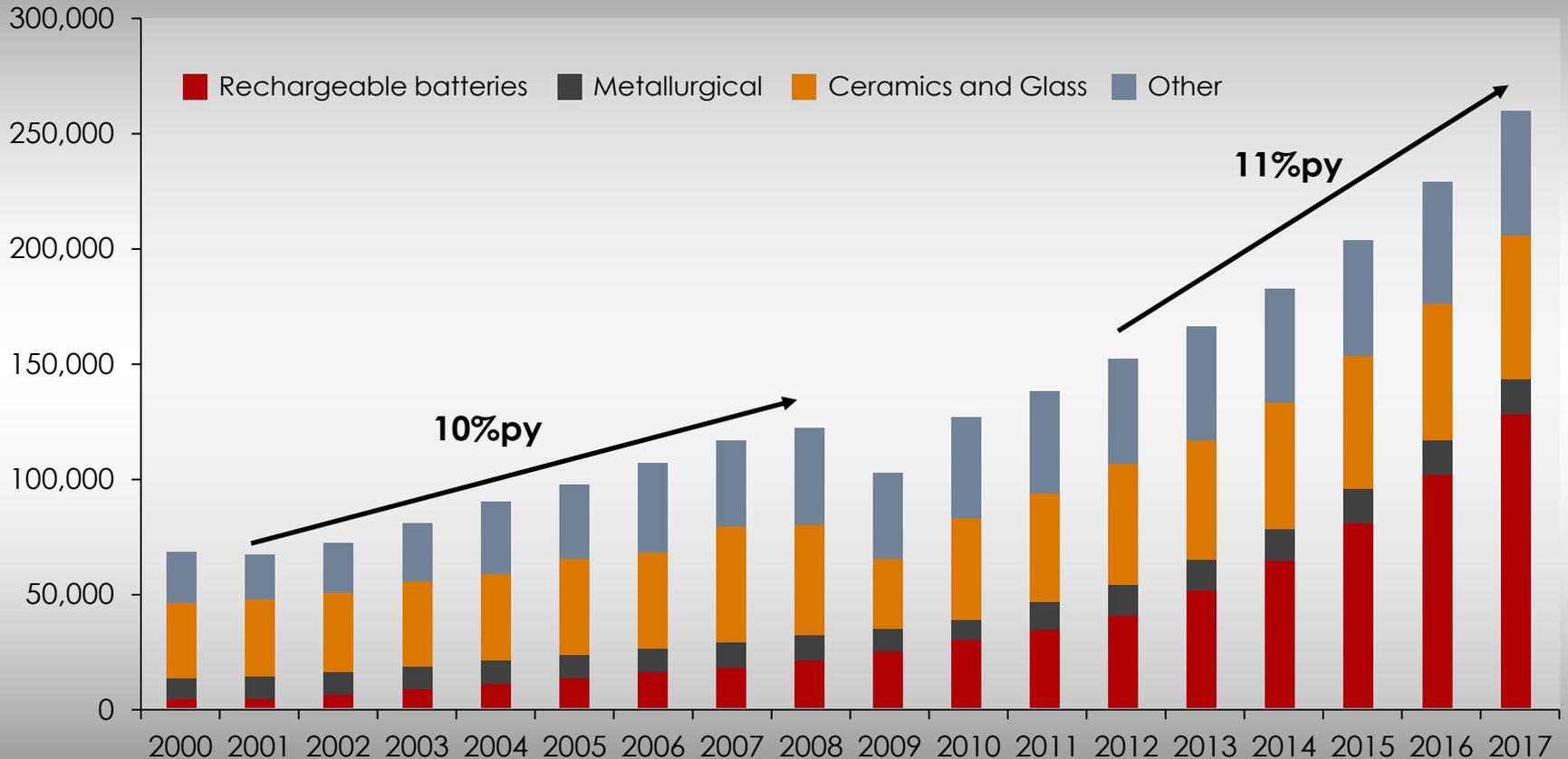
## Lithium @ Broken Hill

# Why Lithium is the metal of the future

- Electric vehicle sales growing rapidly and will account for 35% of all new car sales by 2040 (Bloomberg)
- Powerwall & growth of mobile devices also fuelling demand for batteries
- Lithium is a key component in next gen battery technology



# Global Lithium demand



Source: Fox Davis Capital

# Pegmatite: key source of Lithium

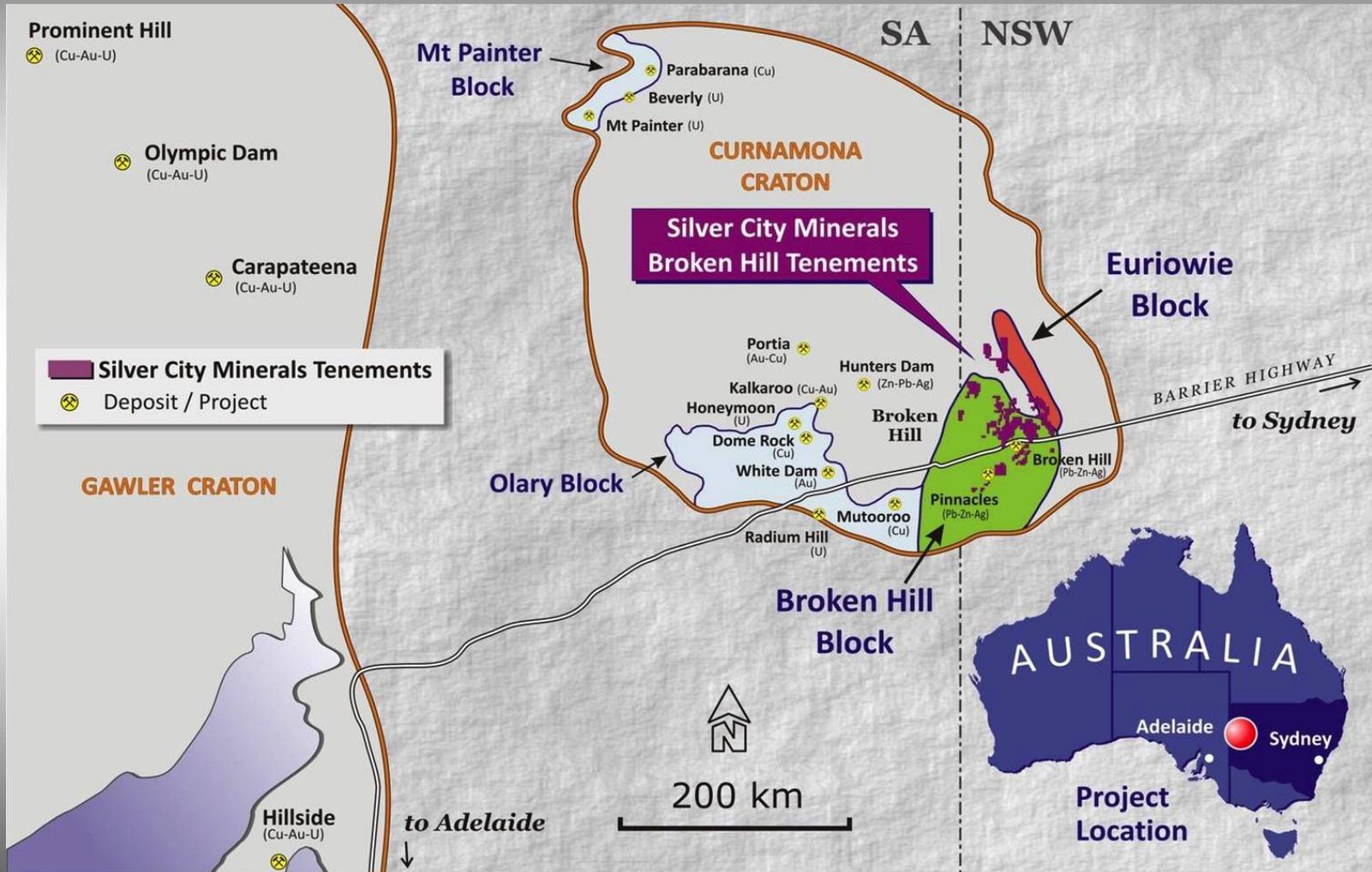


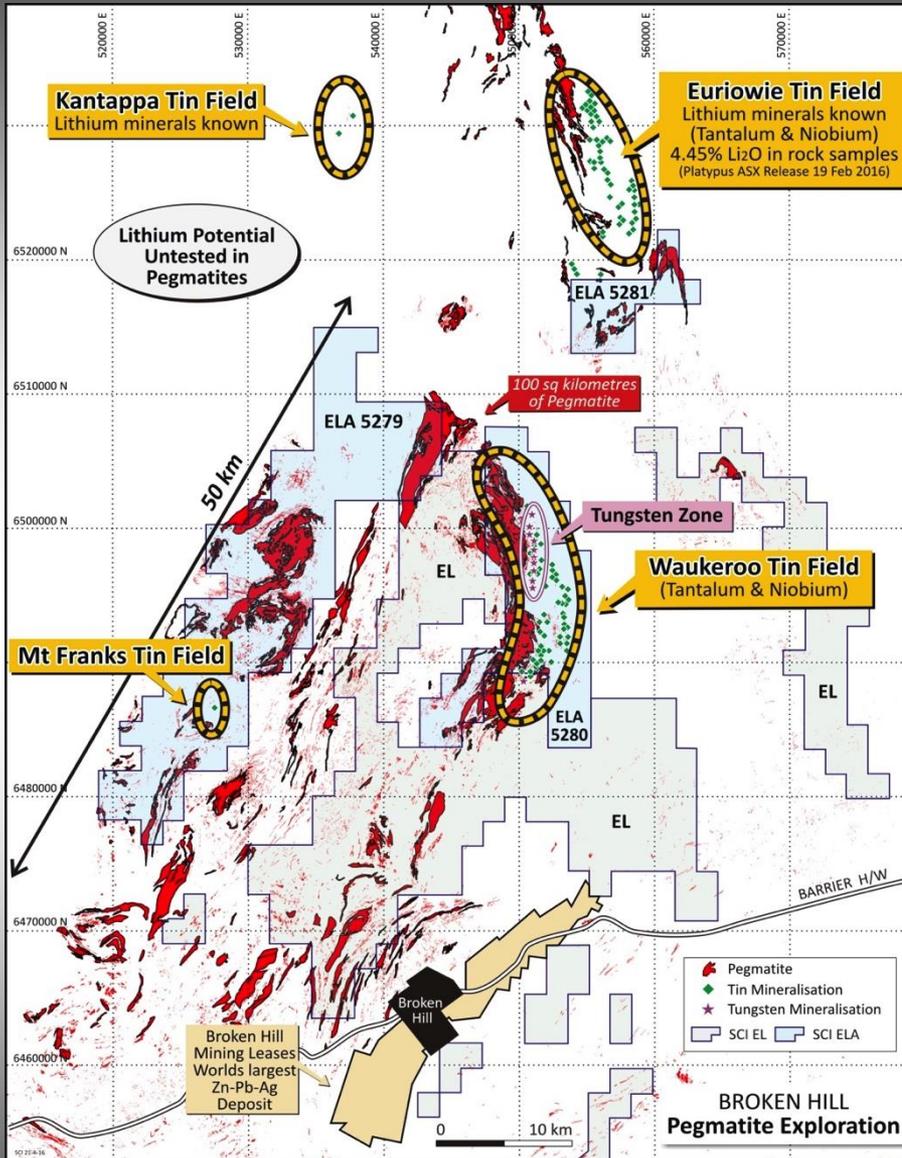
- A half of global supply of lithium comes from pegmatite
- NSW Geological Survey documents the presence of lithium in pegmatite @ BH
- SCI holds title to 10 granted exploration licences with 3 licence applications in place



View from Silver City tenement

# Silver City minerals projects





# Lithium

- 1200 square kilometres tenure
- 100 square kilometres of outcropping pegmatite
- Lithium minerals known
- No lithium exploration undertaken
- Euriowie & Kantappa tin fields host lithium minerals

# What is known about lithium @ BH

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- Lithium minerals occur in tin fields at Euriowie and Kantappa
- Spodumene, amblygonite, petalite, and lepidolite
- Indicator minerals: lithium-rich muscovite, caesium beryl, beryl, tourmaline, cassiterite, tantalite-columbite, fluorite and topaz
- Unique chemistry enriched in lithium, tantalum, niobium, caesium, beryllium, tin, rubidium and boron
- Preferentially associated with pegmatites intruded into rocks of low metamorphic grade (Sundown and Paragon Groups)

# What is known about lithium @ SCI tenements

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- Same geology as Euriowie and Kantappa
- Same tin fields
- Same indicator minerals
- Extensive tracts of preferential host rocks with intrusive pegmatites
- No exploration for lithium ever undertaken

**METAMORPHIC ZONE**

**Zone of Lithium-rich pegmatites Broken Hill**

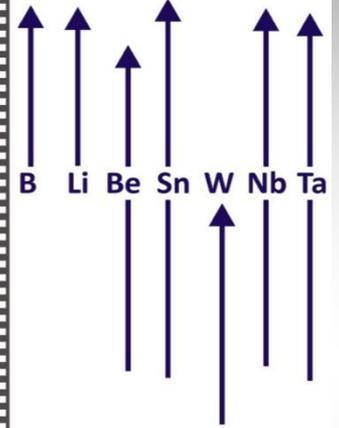
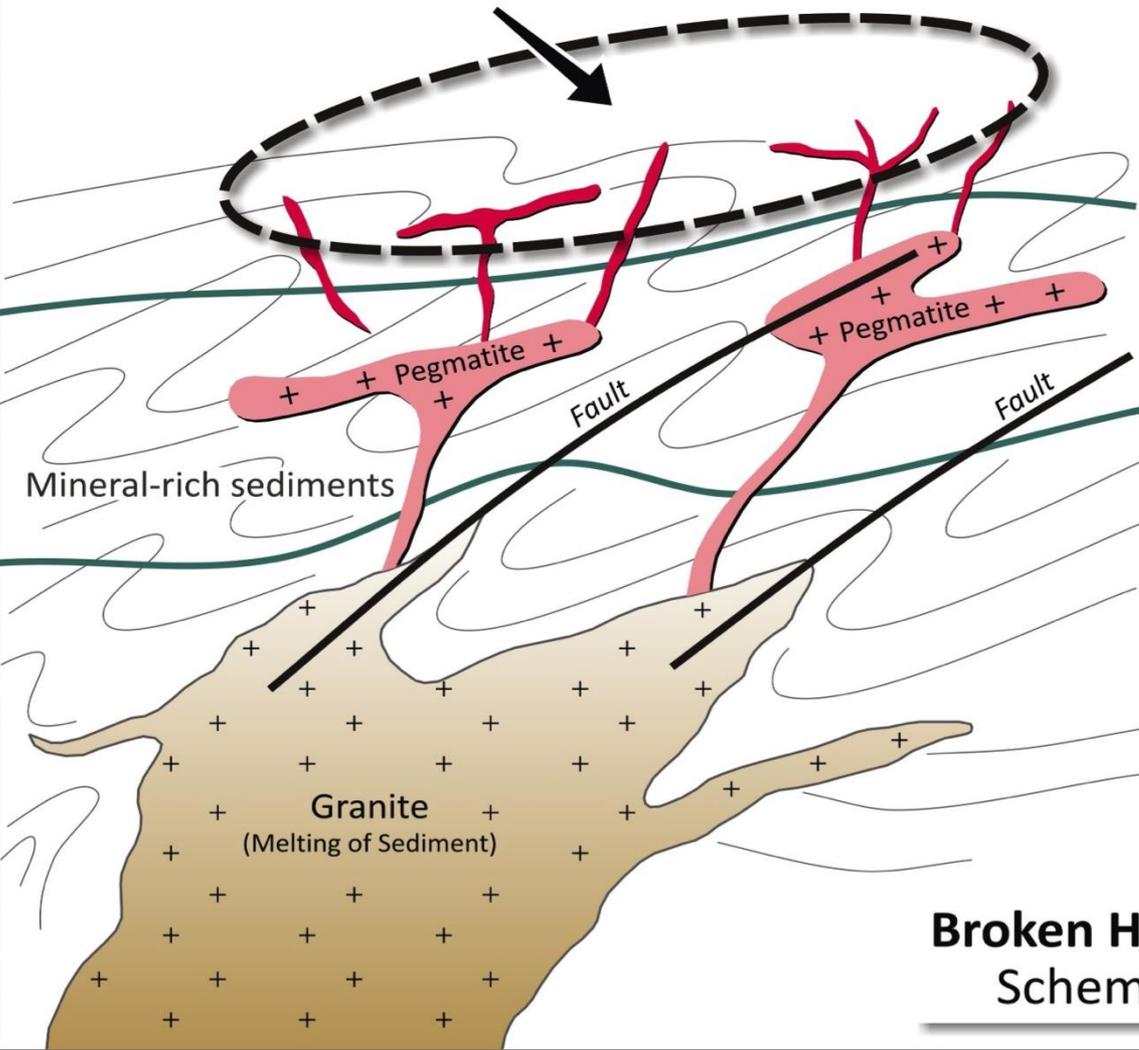
**METALS**

Decreasing temperature and pressure ↑

Greenschist

Amphibolite

Granulite



**Broken Hill Pegmatites Schematic Model**

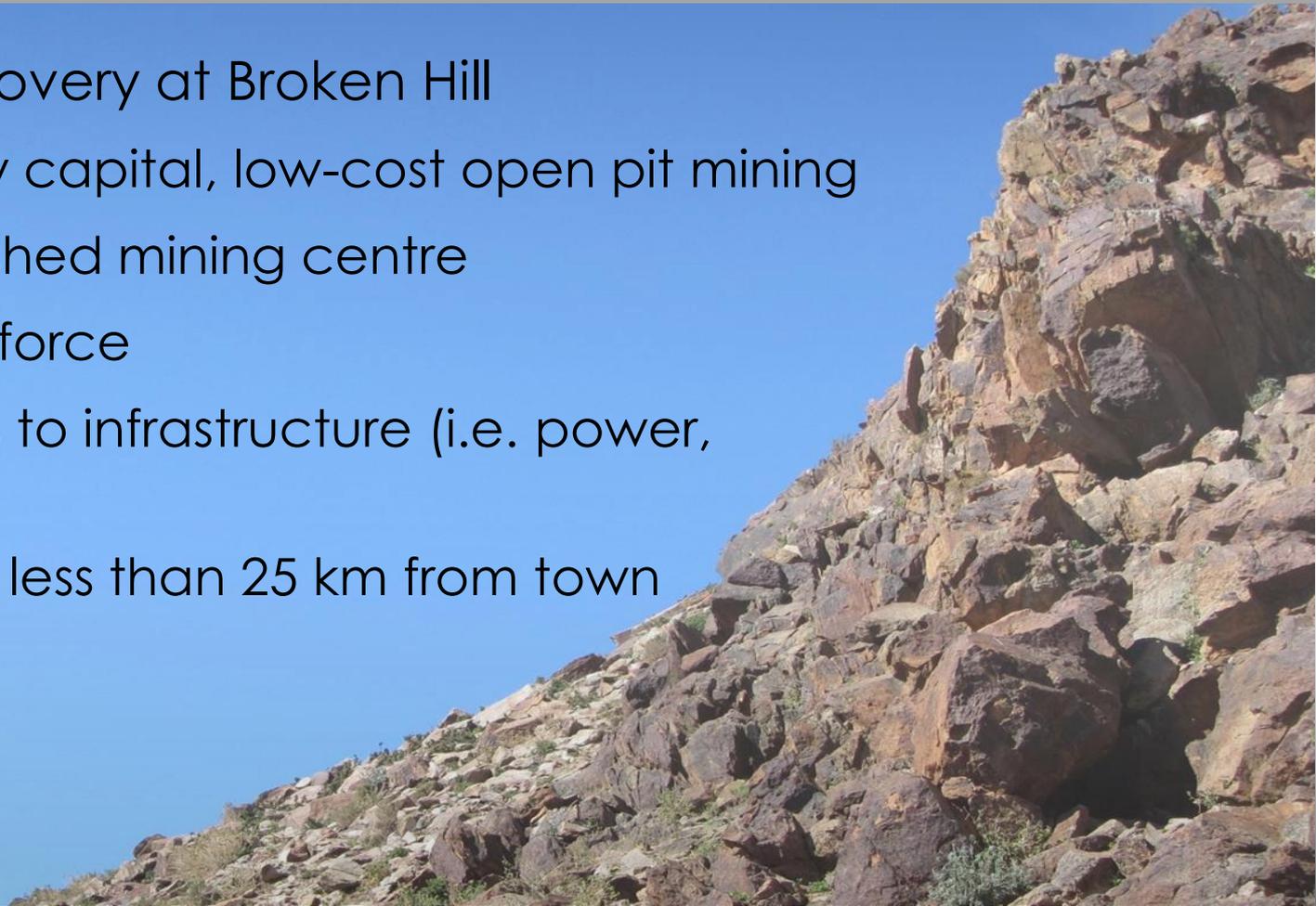
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# Project highlights

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## A Lithium Discovery at Broken Hill

- Ideal for low capital, low-cost open pit mining
- Well established mining centre
- Ready workforce
- Easy access to infrastructure (i.e. power, rail, etc.)
- SCI projects less than 25 km from town



# Peer comparison

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Explorers	ASX Code	Market cap	Primary Mineral	12-month return
Silver City	SCI	\$8.0m	Li & Zn	117%
Ardiden	ADV	\$21.3m	Li, C & Sn	285%
Metalicity	MCT	\$30.1m	Li & Zn	250%
Dakota Minerals	DKO	\$31.7m	Li only	426%
Pioneer Resources	PIO	\$33.3m	Li & Au	106%
Lithium Australia	LIT	\$57.7m	Li only	198%

# Next steps

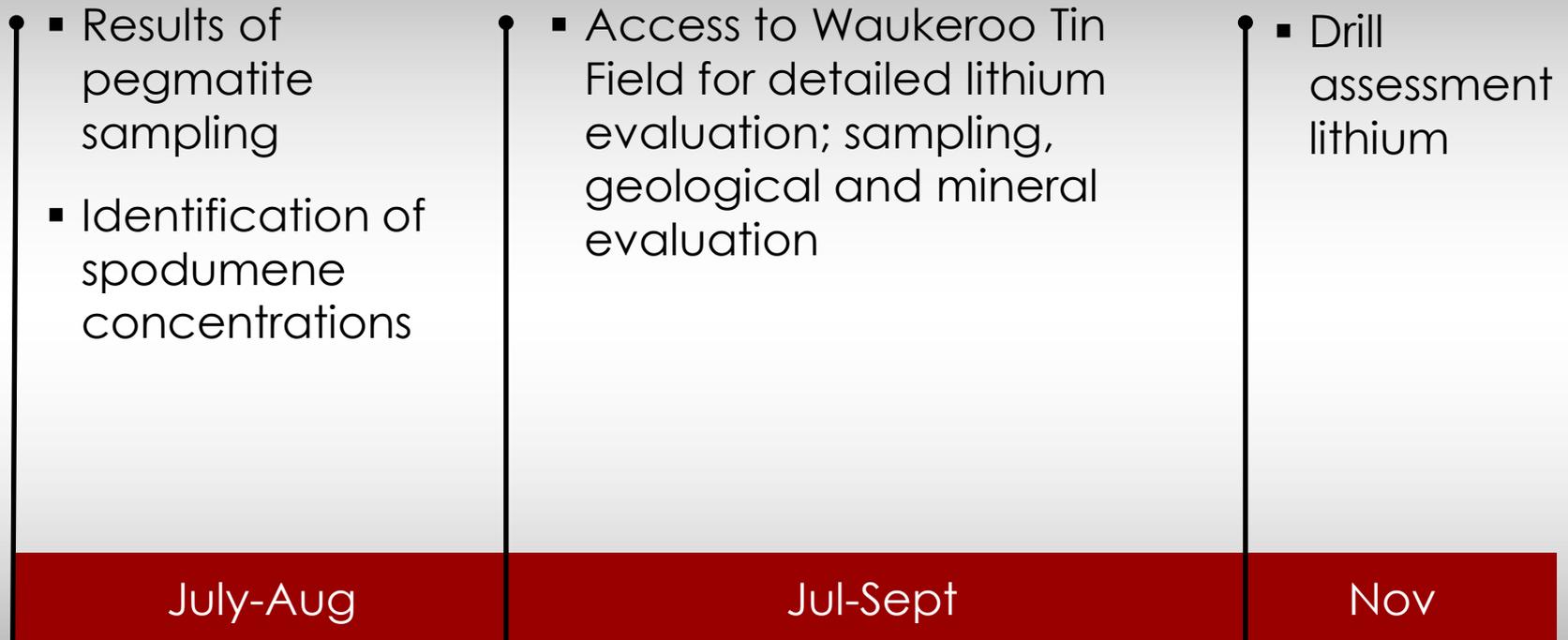
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## Work Program: Search for Spodumene

Item	Comment	Cost (\$)
Geophysics	Airborne multispectral survey exists already; use to identify spodumene in pegmatite	30,000
Geochemistry	Regional multi-element soil and rock surveys	150,000
Geology	Regional mapping fractionated pegmatites	100,000
Mineralogy	Field and XRD identification spodumene	50,000
Target Definition	Detailed prospect scale sampling	100,000
Drilling	First pass RC and diamond drilling.	450,000
	Total	880,000

# Milestones next 12-months Lithium

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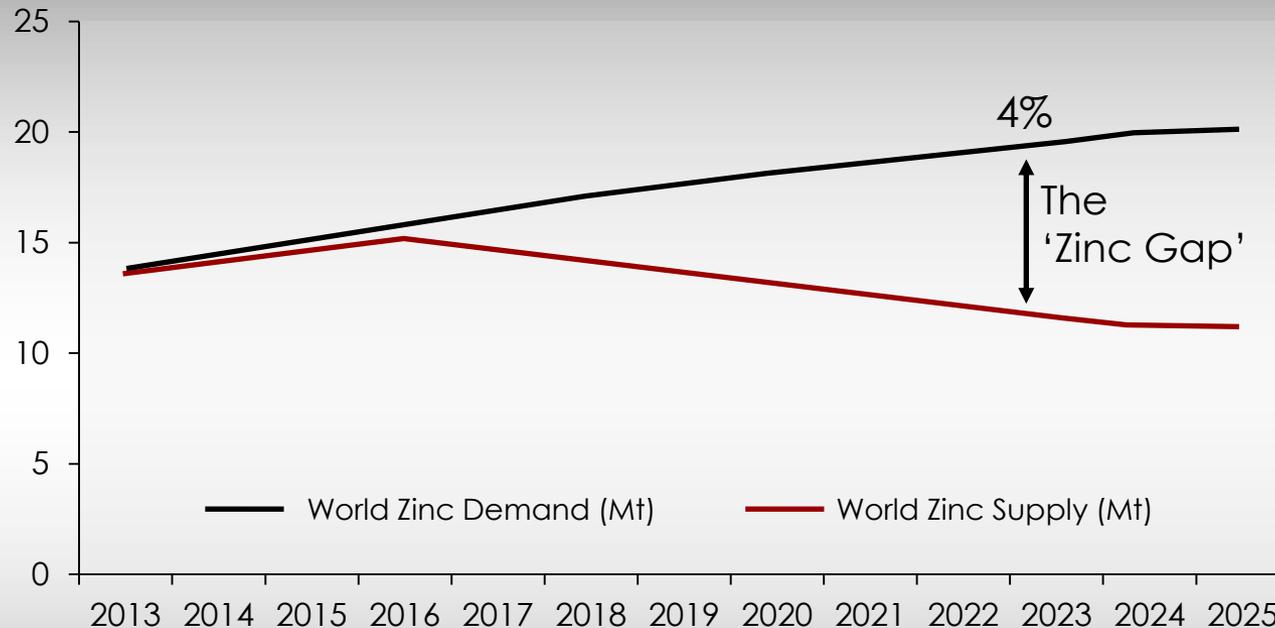




## Zinc @ Broken Hill

# Global Zinc demand supply forecast (Mt)

Mt of Zinc



Source: HDR | Salva

Increasing demand-supply gap forecast for Zinc

- Demand increasing
- Mines closing
- Limited new mine capacity to fill the gap

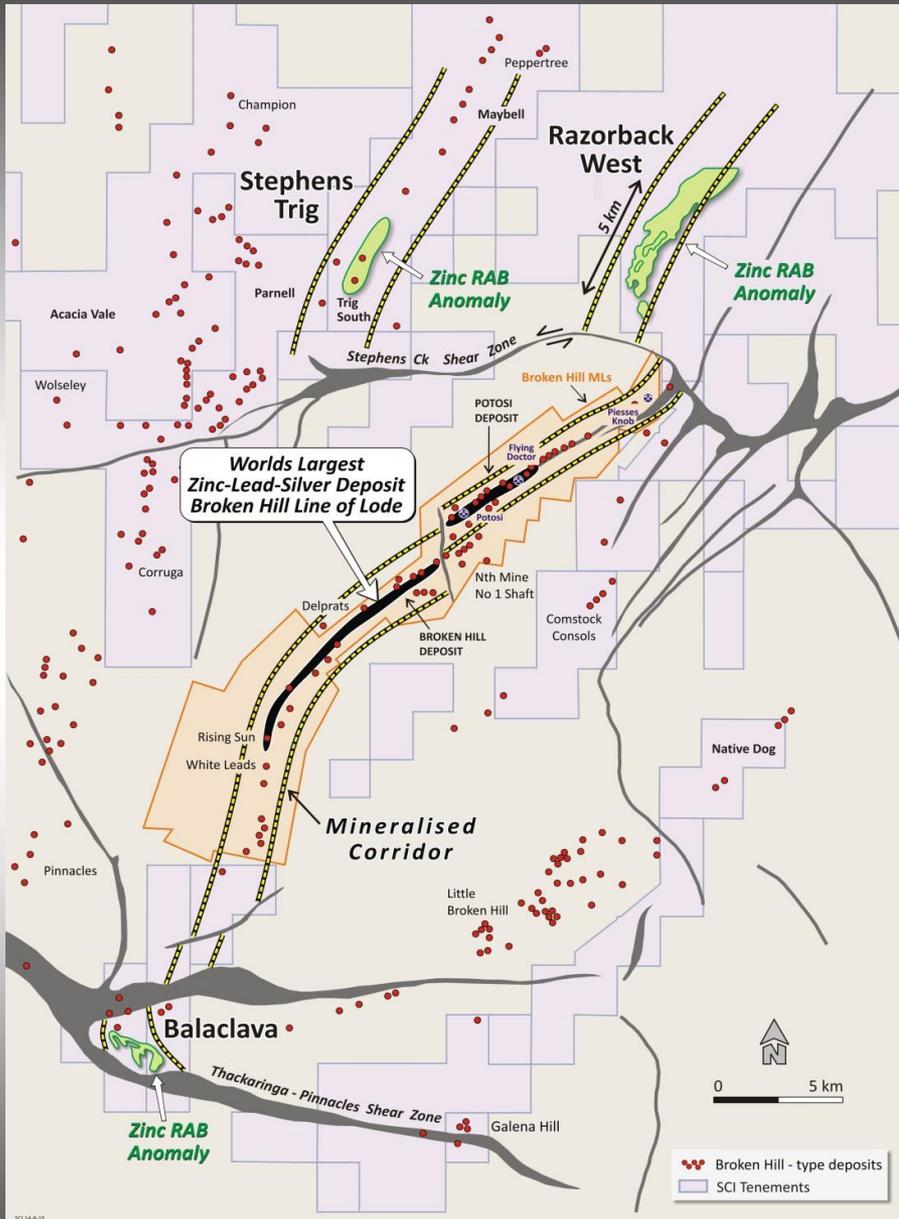
A new zinc discovery of typical high grade Broken Hill ore (+15% Zn+Pb) will fill a significant part of the shortfall

# Silver City zinc projects

- Razorback West
- Stephens Trig
- Balaclava
- Yalcowinna West

All large zinc + lead anomalies

All under alluvial and soil cover



# Zinc project highlights

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- Large focused land tenure position
- Potential for high grade, giant base metal and silver-rich orebodies
- Focus on Razorback , Stephens Trig and Balaclava
- New round of drilling scheduled (Razorback West)
- Geophysical surveys and follow-up drilling at Balaclava

# Future program snapshot Zinc

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Project	Program	Timing
Razorback West	Drill-testing geophysical and geology targets	August-September
Balacava	Geophysics and follow-up drilling	September
Stephens Trig	Geological Modelling	July
Balacava	Geophysics and follow-up drilling	September

# Summary

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- Strong potential for new resources of lithium in spodumene-bearing pegmatites in Broken Hill district
- Silver City tenements highly prospective for spodumene
- Broken Hill: ready access to infrastructure and workforce
- Company-making opportunity in Zinc
- SCl attractively priced compared to other explorers
- Multiple milestones in next 12-months

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