SILVER CITY MINERALS LIMITED

ASX ANNOUNCEMENT

23 July 2018

New Large Copper-Gold Target at Copper Blow

- **New large copper-gold target identified by detailed IP survey**
- **Airborne gravity anomaly coincident with best IP target and anomalous geochemistry in soils**
- **Strong IP anomalism also defines the Copper Blow ironstone hosted zone**
- **Copper-gold targets include magnetite ironstones and large intrusion-related breccias**
- **Drill planning underway**

Silver City Minerals Limited (ASX: SCI) ("Silver City" or "the Company") is pleased to announce results from recently completed induced polarisation (IP) and soil geochemical surveys which focused on ground immediately to the southeast of Copper Blow. The project is located 20 kilometres to the south of Broken Hill and drilling by the Company has returned significant intersections of copper, gold and cobalt.

The surveys indicate that sulphide mineralisation occurs both in a magnetic ironstone horizon, where drilling has been focused to date, and non-magnetic rocks to the east and southeast of Copper Blow. The IP and geochemical anomalies hosted in non-magnetic rocks extend in a sinuous fashion for over 1 kilometres in strike.

The strongest IP anomaly is over 600 metres long and 200 metres wide and is coincident with consistent barium, molybdenum and potassium anomalies in soils. Geophysical modelling suggests that the top of this anomaly lies 80 metres below surface (Figure 1).

The results indicate a much larger copper-gold target than those solely hosted in the magnetic ironstone complex. The strongest and largest anomaly is also coincident with a positive gravity anomaly outlined in an historic airborne gravity survey (Falcon survey).

The Company has previously suggested that mineralisation might be related to intrusive igneous rock known as gabbro, or that the nonmagnetic IP anomalies may be responding to sulphide hosted in hematite, a common ore type in iron oxide copper-gold (IOCG) deposits. The coincidence of an IP, soil and positive gravity anomaly lends significant credence to the model of intrusion or hematite-related mineralisation perhaps associated with breccias.

The nonmagnetic targets at Copper Blow may represent much larger zones of copper-gold mineralisation than those which occur in the ironstone horizon. To date there has been no drilling in these non-magnetic IP targets. Drilling planning and environmental permitting are underway.

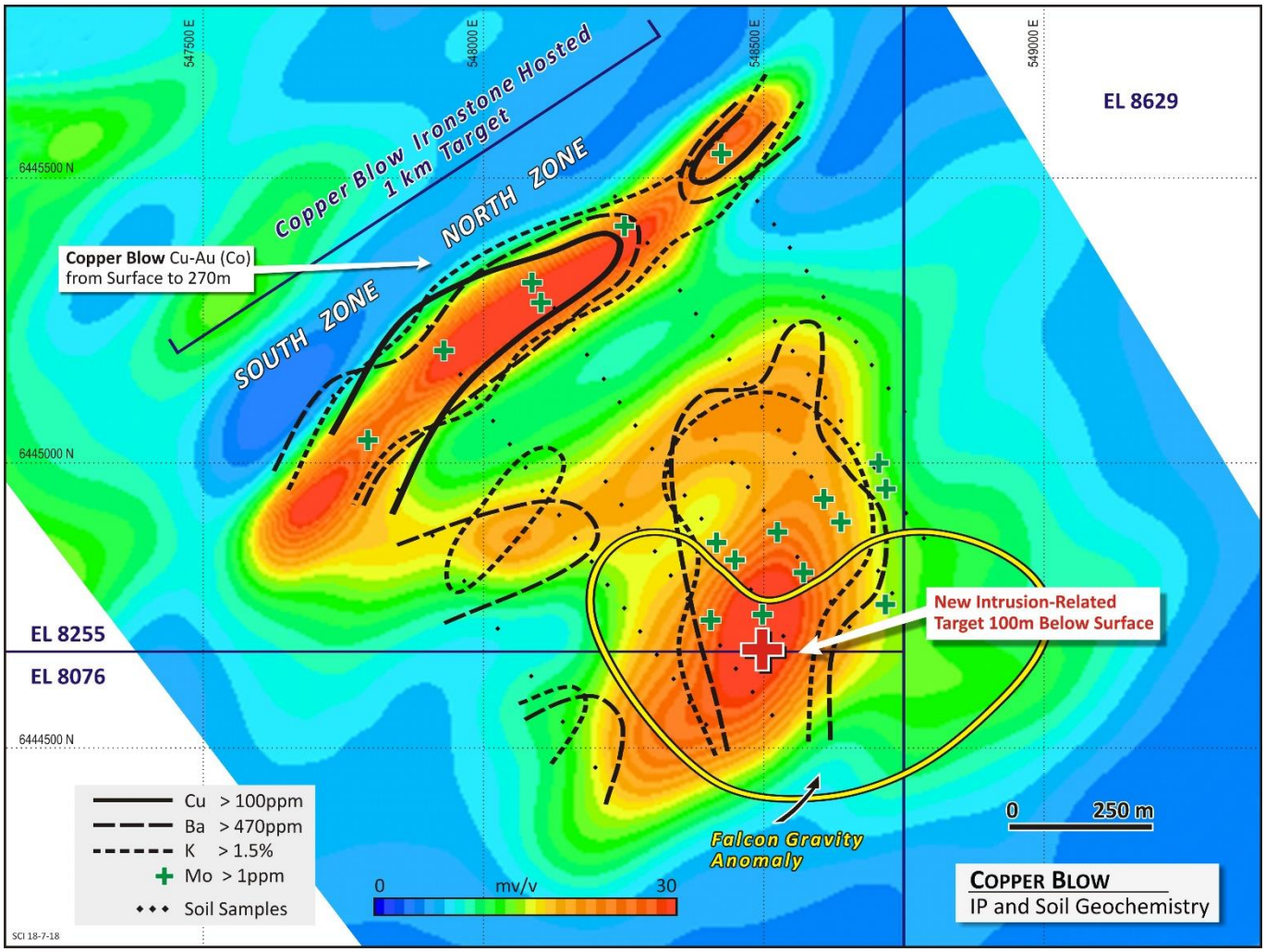

Figure 1 The colour image is a plan of a slice through the 3D IP model at 180 metre below surface. Hot colours correspond to high sulphide content. It shows strong IP responses both over the magnetic ironstone and areas to the south where no magnetism occurs. Surface soil geochemistry shows consistent anomalous responses for barium (Ba), potassium (K) and molybdenum (Mo) over both ironstone and non ironstone hosted IP anaomalies. Drilling to date has focused solely on Copper Blow within the South and North Zones of the magnetic ironstone. The Falcon gravity anomaly was derived from a governement-funded airborne gravity gradiometry survey completed over the district in the early 2000s.

Background

The Company has been exploring a 4.5 kilometre, northeast-trending, linear magnetic anomaly south of Broken Hill. The Copper Blow prospect, including old mine workings, is located at the southwestern end of the anomaly (Figures 2, 3 and 4). Drilling has been focused on the North and South zones of the Copper Blow prospect with preliminary drilling also completed on the CB 3 and CB 4 anomalies.

All significant copper, gold and cobalt intersections are hosted in magnetite-rich rock within a shear zone. The predominant components of the host rock is magnetite, quartz and biotite. The main copper mineral is chalcopyrite (a copper sulphide).

Recent significant drill hole intersections include:

- Hole 18CB054 intersected **41.2 metres at 1.3% copper and 0.4 g/t gold including two intersections each 7 metres thick at 2% copper** (ASX Release 22 February 2018).
- Hole 18CB055 intersected **61 metres at 0.7% copper and 0.14 g/t Au** (ASX Release 28 May 2018).
- Hole 18CB057 intersected **31 metres at 1.0% copper and 0.14 g/t gold including 15 metres at 1.6% copper and 0.32 g/t gold** (5 July 2018).
- Hole 18CB058 intersected **21 metres at 0.4% copper and 0.1 g/t gold** (5 July 2018).
- Hole 18CB063 intersected **16 metres at 0.5% copper and 0.18 g/t gold** (5 July 2018).
- Hole 18CB069 intersected **16 metres at 0.5% copper and 0.05 g/t gold including 2 metres at 2.5% copper and 0.4 g/t gold**. This occurs within a larger intercept of 31 metres at 0.3% copper (5 July 2018).

In addition to drilling, a range of geophysical surveys have been completed. These include electromagnetic (EM), magnetic, gravity and induced polarisation (IP). Surface geochemical surveys have included rock chip sampling and more recently soil sampling.

Induced Polarisation Surveys

In May this year (ASX Release 2 May 2018) the Company indicated it had identified significant IP anomalies associated with copper-iron sulphide mineralisation within the magnetite-rich rocks (ironstones) at Copper Blow. In addition the initial IP survey identified anomalies within rocks unrelated to magnetite to the east and southeast of Copper Blow.

In June the Company presented preliminary data for a 3D chargeability model (ASX Release 12 June 2018) and results of limited rock chip sampling. This showed that not only is the Copper Blow zone of known copper-gold mineralisation a strong chargeable anomaly, but two other significant anomalies unrelated to magnetite rocks exist to the southeast.

Rock chip samples collected in the area returned results anomalous in elements associated with the adjacent Copper Blow prospect.

Recent Surveys

In order to resolve IP anomalies to a higher resolution for drill targeting the Company recently completed a dipole-dipole induced polarisation survey on lines 200 metres apart over an area of approximately 6 square kilometres. This technique is able to detect mineralisation from much deeper in the rock sequence compared to the gradient array configuration previously used. The data is also readily adaptable to inversion (3D) modelling. The survey covered Copper Blow and the adjacent anomalies.

A soil geochemical program was also completed over the same area.

Results

The 3D model of the IP outlines a linear, northeast-trending, 1 kilometre long and 150 metres wide chargeability (IP) anomaly coincident with the magnetic anomaly and know mineralisation at Copper Blow. This entire anomaly includes both the North and South mineralised zones identified in drilling and the response is attributed to the abundance of copper and iron sulphides. The model shows that the sulphides in this anomaly extent almost from surface to over 500 metres in depth. This is consistent with the drill results and surface outcrops.

The magnetic horizon is however only part of a continuous and sinuous IP anomaly which extends for over one kilometre, firstly in an east-northeast direction, then to the south and southwest (Figure 1). The strongest part of the new anomaly has the same intensity of the IP anomaly developed over the magnetite

bearing rocks at Copper Blow but occurs in non-magnetic rocks. It is approximately 600 metres long 200 metres wide.

The 3D model indicates that the sulphides which cause the anomaly do not outcrop and that the top of the anomaly is about 80 to 100 metres below surface. The image in Figure 1 is a plan of a slice through the 3D IP model at about 180 metres below surface.

Soils sampling was undertaken over the area of IP anomalies. The magnetic ironstone horizon returned a suite of anomalous elements which included copper, gold, potassium, barium, molybdenum, cobalt, nickel, cerium, phosphorous and lanthanum. The most consistent element suite over the non-magnetic anomalies is barium, potassium and molybdenum. Less consistent anomalism occurred for copper, cobalt, phosphorus and lanthanum.

The strong anomalism over the ironstone is attributed to the fact that mineralisation is largely outcropping and old workings are abundant. The less consistent anomalism over the non-magnetic anomalies reflects the IP results which suggests mineralisation is not encountered until depths of 80 to 100 metres. The element suite over both areas is consistent with that which occur in IOCG deposits and those which occur in the Company drilling to date.

The strong potassium response in both areas is attributed the abundance of potassium-rich alteration minerals; biotite and potassium-rich feldspar (k-feldspar; Figure 5) are an integral part of this style of copper-gold mineralisation.

What does this mean?

The results indicate a much larger target and potentially much more copper, gold and cobalt, than that solely hosted in the magnetic ironstone complex.

The Company has previously suggested that mineralisation might be related to intrusive igneous rock known as gabbro, or that the nonmagnetic IP anomalies may be responding to sulphide hosted in hematite, a common ore type in iron oxide copper-gold (IOCG) deposits. The coincidence of an IP, soil and positive gravity anomaly lends significant credence to the model of intrusion and/or hematite-related mineralisation (Figure 5).

What next?

The Company plans to continue with a deeper test of the North Zone within the magnetic ironstone (Figure 4). At the same time the new targets generated by this IP and soil data will be tested. Drill planning and environmental permitting are underway. Drilling is likely to commence in August or September.

Annexure 1 Figures

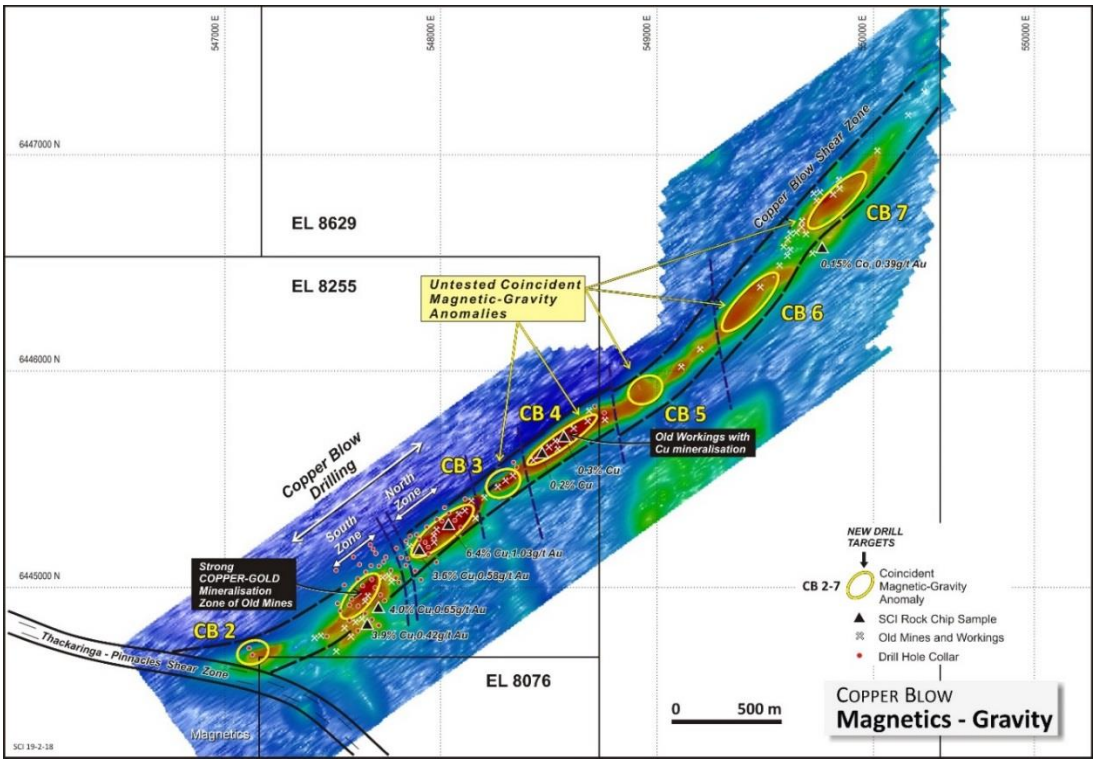

Figure 2 Detailed ground magnetic survey reduced to pole image. Shows a series of coincident magnetic/gravity anomalies. In addition to the North and South Zones at Copper Blow there are seven targets all of which might host copper mineralisation.

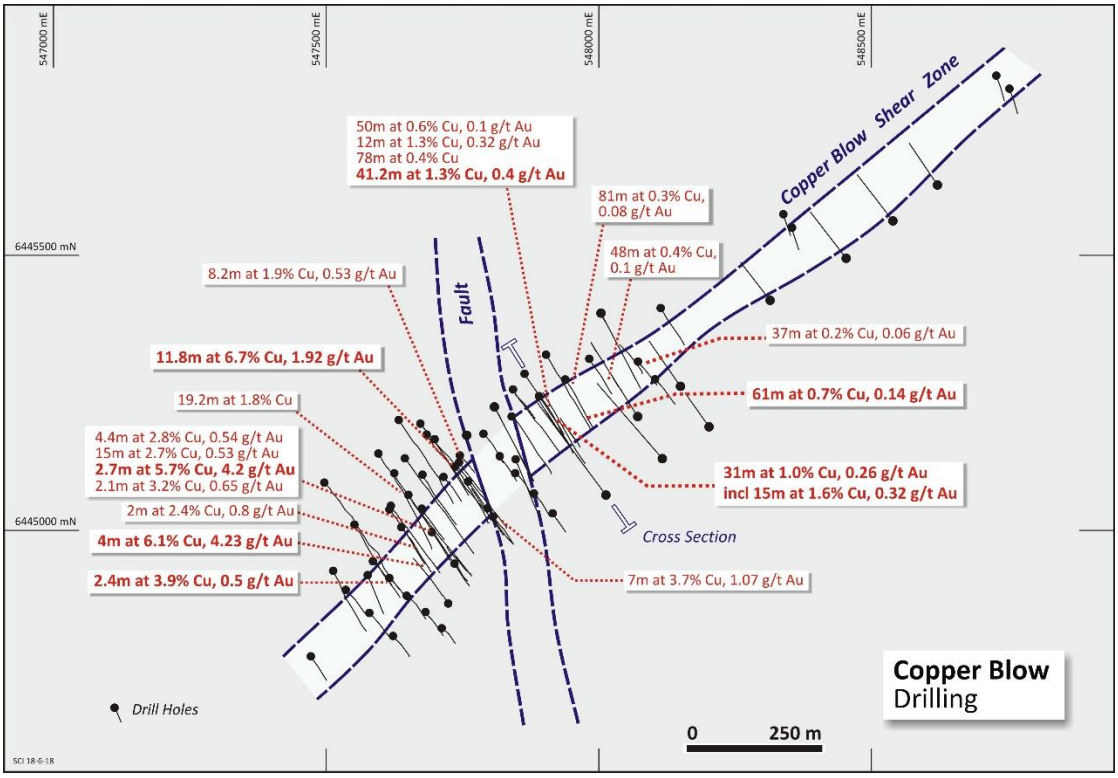

Figure 3 Copper Blow drill plan. The focus of recent drilling has been to assess the extent and continuity of copper-gold mineralisation north of the fault and proximal to mineralisation already encountered in holes 18CB054 and 18CB055. Collars for this round of drilling are shown in pale pink.

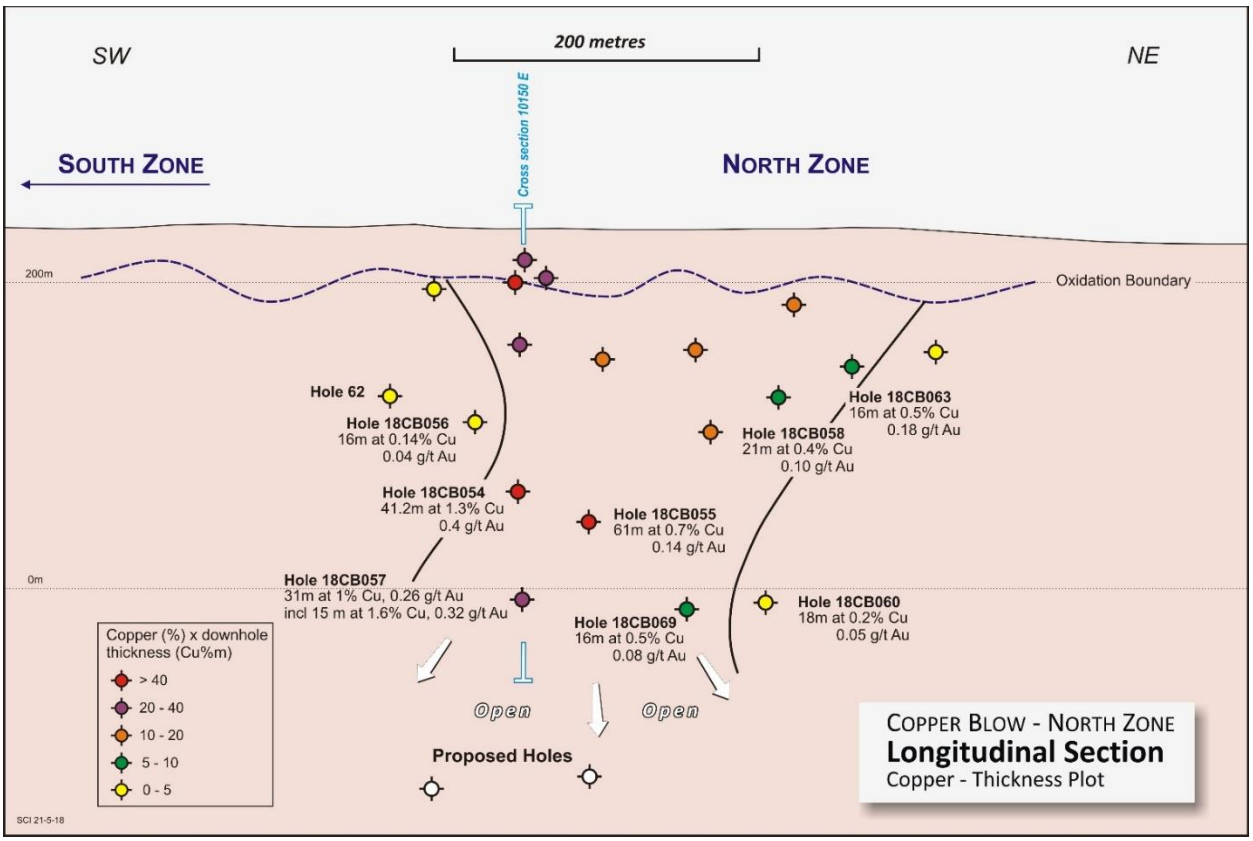

Figure 4 Copper Blow Longitudinal Section showing grade x thickness plot. Points depict the centre-points of the mineralised intersection on a vertical plain. Copper-gold mineralisation remains open at depth and along strike.

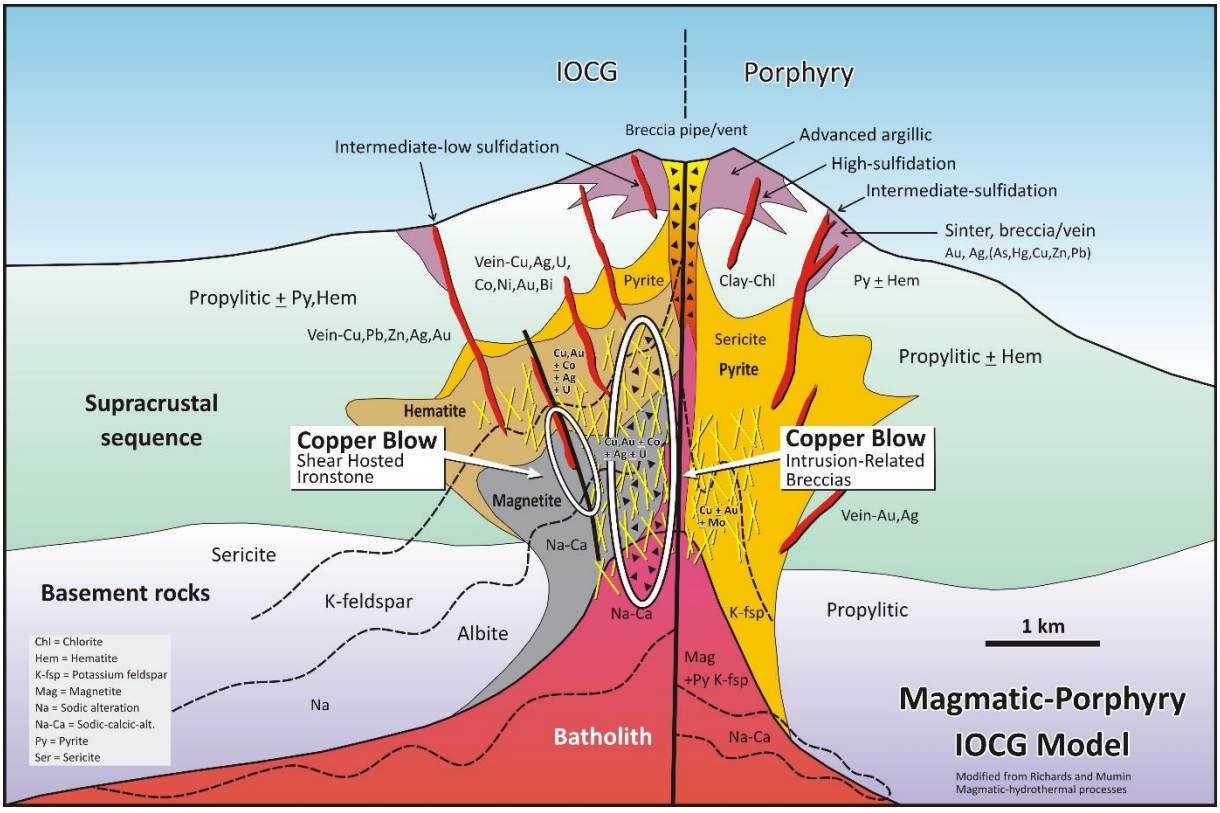

Figure 5 Comparative IOCG-Porphyry model modified from Richards and Mumin. Two styles of mineralisation might occur at Copper Blow; a shear hosted magnetite-rich vein/replacement style and an intrusion-breccia hematitic style.

SILVER CITY MINERALS LIMITED

Christopher Torrey
Managing Director

ABOUT Silver City Minerals Limited

Silver City Minerals Limited (SCI) is a base and precious metal explorer with a strong focus 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 of prospects moving toward the drill assessment stage. The Company continues to seek out quality projects for exploration and development.

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 Persons

The information in this report that relates to Exploration Results is based on information compiled by Chris Torrey (BSc, MSc, RPGeo Mineral Exploration), 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 which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as "Competent Persons" as defined by the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Torrey, consents to the inclusion in this Report of the matters based on this information in the form and context in which it appears.

This report contains information extracted from the following reports: ASX Releases 22 February 2018, 2 May 2018, 28 May 2018 and 5 July 2018 and 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. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

CONTACT DETAILS

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Chris Torrey	Managing Director
Greg Jones	Non-Executive Director
Josh Puckridge	Non-Executive Director
Ivo Polovineo	Company Secretary

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JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. 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.*	• Report refers to IP and soil geochemical surveys
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Soil samples were taken at best approximation to "c" horizon soil profile
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*	• Results are Material to this and future Public Reports
	• *In cases where 'industry standard' work has been done this would be relatively simple (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Copper Blow is a base metal-gold-cobalt project. To date elevated grades have been observed to occur in association with elevated sulphide content. A trail soil sample program collected approx. 2kg of plus 5mm particles from each locality
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.).*	• No drilling
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• No drilling
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• No drilling.
	• *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.*	• No drilling
Logging	• *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.*	• Full geological descriptions of soil sample
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.*	• Qualitative logging of soil samples
	• *The total length and percentage of the relevant intersections logged.*	No drilling.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• No drilling
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample size is appropriate to grain size and the nature of the rock
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• Sample types and the nature of the preparation is appropriate to the project

Criteria	JORC Code explanation	Commentary
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• No quality control of soil samples.
	• *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.*	• No measures undertaken
	• *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*	• No splitting of soil samples, only sieving to 5mm
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Analytical method for 48 elements including base metals was 4 acid digest, ICP-AES and for gold a 30 gram charge fire assay with an AA finish (ALS Global Codes ME-MS 61 and Au-AA25 www.alsglobal.com) • The nature and quality of the analytical methods are appropriate to style of mineralisation anticipated and are of industry standard. • The laboratory also has its own QAQC of systematic standard, repeats and duplicates.
	• *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.*	• No handheld tools were used
	• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• No external laboratory checks have been undertaken • No standards and no duplicates were used for soil samples • The laboratory also has its own QAQC of systematic standard, repeats and duplicates.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• No verification by other company personnel has taken place at this time
	• *The use of twinned holes.*	• No drilling
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Data is recorded on site a using computer storage program and backed up at main office.
	• *Discuss any adjustment to assay data.*	• No data adjustment
Location of data points	• *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.*	• Soil Sample location points have been surveyed by handheld GPS to accuracy of 5-15 metres. IP grid uses the same
	• *Specification of the grid system used.*	• MGA94 Zone 54
	• *Quality and adequacy of topographic control.*	• Drone survey to millimetre accuracy
Data spacing and distribution	• *Data spacing for reporting of Exploration Results. 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.*	• Data spacing and distribution is sufficient to establish a degree of geochemical continuity interpretation purposes
	• *Whether sample compositing has been applied.*	• No compositing
Orientation of data in	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and*	• No drilling

Criteria	JORC Code explanation	Commentary
relation to geological structure	*the extent to which this is known, considering the deposit type.*	
	• *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.*	• No drilling
Sample security	• *The measures taken to ensure sample security.*	• Company personnel store samples at a locked facility before consigning to a freight forwarding contractor for transport to the lab.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits have been 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	• *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.*	• Work outlined in this public report falls within ELs 8255, 8075, 8629 which are subject to a joint venture between Silver City Minerals and CBH Resources. A landowner access agreements are in place. Native Title has been extinguished.
	• *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.*	• The tenure is secure under NSW legislation. There are no known impediments to operate.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Details previously outlined in ASX Release 4 May 2017.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Iron oxide copper-gold deposit hosting cobalt
Drill hole Information	• *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:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.*	No drilling
	• *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.*	• No drilling
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	• No data aggregation
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for*	No drilling

Criteria	JORC Code explanation	Commentary
	such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No equivalents are reported
Relationship between mineralisation widths and intercept lengths	• *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.*	• No drilling
	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• No drilling
Diagrams	• *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.*	• Annexure 1 and body of report
Balanced reporting	• *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.*	• No drilling
Other substantive exploration data	• *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.*	• A dipole-dipole survey was completed over approximately 6 square kilometres on lines oriented northwest-southeast. Lines were 200 metres apart and the configuration used 100m dipoles.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• Continued drilling, metallurgical testwork, continued IP and magnetic geophysical surveys and surface geochemical sampling.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Refer to figures 1 & 2 in body of report