



ASX ANNOUNCEMENT

3 September 2018

Drilling Commences at Copper Blow

- **Drilling to test large copper-gold target identified by detailed IP survey**
- **Drilling to test extensions to copper-gold mineralisation in ironstone**
- **Geophysics maps out zone of sulphide-bearing rock over 2 square kilometres**
- **Copper-gold targets include magnetite ironstones and large intrusion-related breccias**

Silver City Minerals Limited (ASX: SCI) (“Silver City” or “the Company”) is pleased to announce that it has commenced drilling at Copper Blow. The program is designed to test both magnetic and non-magnetic targets identified in recent induced polarisation (IP) geophysical surveys.

The Company has received additional encouraging results from a recently completed gradient array induced polarisation survey to the northeast 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.

Drilling

The initial drilling program will comprise two holes, each approximately 450 to 500 metres deep.

One will test for deeper extensions to the copper-gold mineralisation outlined by previous drilling at Copper Blow. This mineralisation is hosted in a strongly magnetic ironstone.

The second hole will test a large IP chargeability anomaly located approximately 800 metres to the southeast of Copper Blow. The source of this anomaly is unknown but is likely to represent significant sulphide mineralisation.

Ground magnetic surveys suggest the rocks in the area of this new IP anomaly are non-magnetic and geological mapping indicates the presence of metamorphosed sediments at surface. The 3D IP model however indicates that sulphide-bearing rocks are located more than 100 metres below surface (Figures 1 to 3). Drilling is designed to test this sulphide zone.

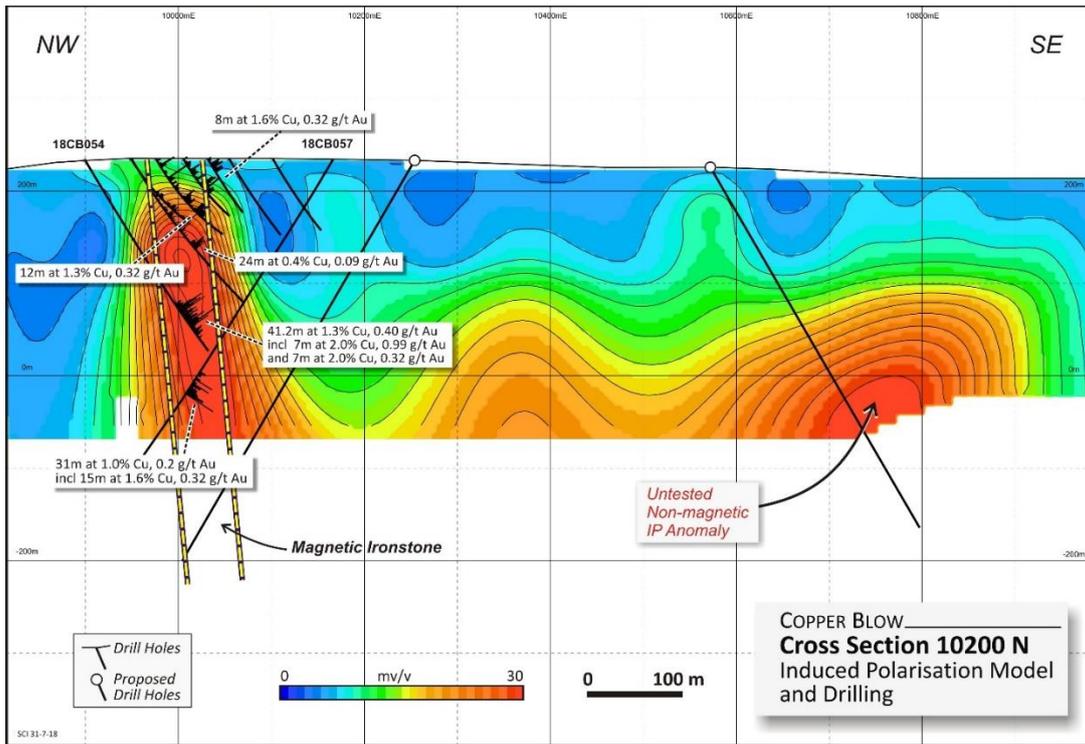


Figure 1 Cross section through North Zone and southeast anomalies, Copper Blow (location on Figure 2). Diagram illustrates a vertical slice through the IP chargeability model derived from the dipole-dipole survey. Mineralisation in magnetic ironstone (on left-hand side of diagram) will be tested by a new hole drilled beneath hole 18CB057. The proposed hole into the non-magnetic anomaly is shown on the right-hand side of the diagram.

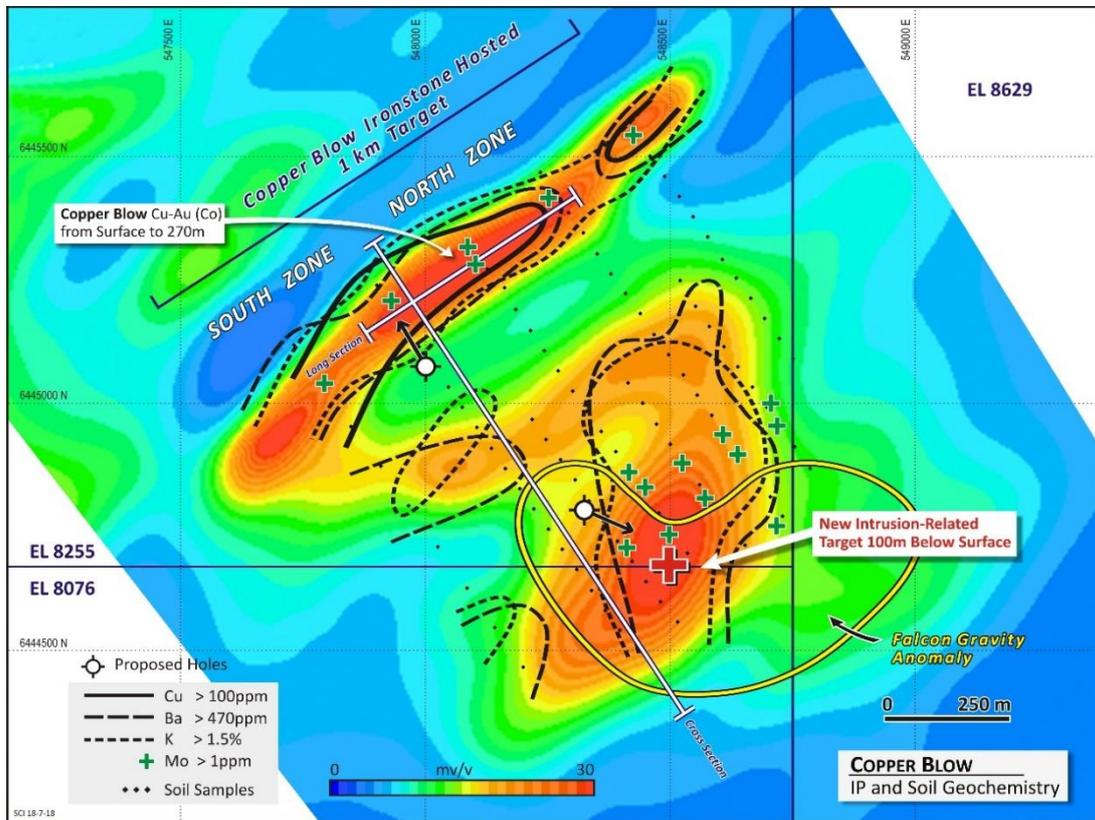


Figure 2 Plan view of the dipole-dipole model depicting a horizontal slice of IP chargeability at 180 metres below surface. The Copper Blow magnetic ironstone shows elevated chargeabilities as does the new anomaly in non-magnetic rocks to the southeast. Both display anomalous geochemistry in soils. The position of the cross-section in Figure 1 and the long section in Figure 2 are shown as are the proposed drill hole locations. The location of the gravity anomaly is derived from a regional airborne gravity survey conducted in 2001 (Falcon™).

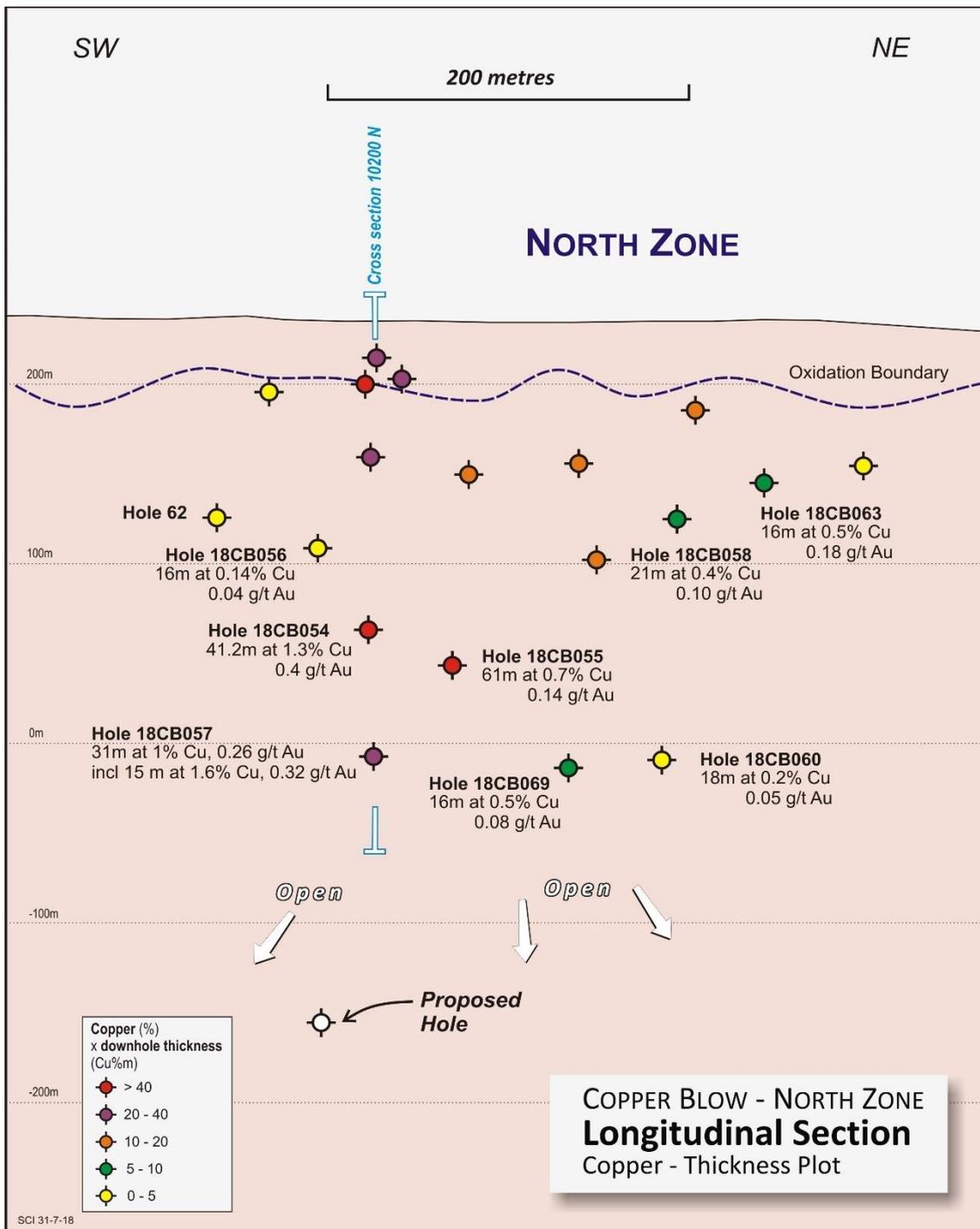


Figure 3 Copper Blow Longitudinal Section showing grade x thickness plot. Points depict the centre-points of the mineralised intersection on a vertical plane. Copper-gold mineralisation remains open at depth and along strike. The piercement point for the proposed hole is shown.

Recent Geophysical Exploration

The Company has released several announcements with respect to the use of the induced polarisation geophysical technique as a guide to copper sulphide mineralisation at Copper Blow (ASX Releases 2 May 2018, 12 June 2018 and 23 July 2018). The Company has used two different IP configurations to assess the project.

The **Gradient Array** configuration is a rapid, cost-effective technique which enables first-pass mapping of the distribution of sub-surface sulphide. It is a “shallow-looking” technique and may detect sulphide to perhaps 100 metres below the surface depending on rock types and structures.

The **Dipole-Dipole** configuration takes more time to gather data and is consequently more expensive. It does however give higher resolution to the IP data and has the potential to detect significant sulphide to depths of approximately 300 metres. It lends itself well to 3D computer modelling.

Work to date at Copper Blow shows Gradient Array to be an excellent screening tool, while follow-up Dipole-Dipole enhances and defines targets for drilling, especially at depths greater than 100 metres.

Surveys completed by the Company suggests that sulphide mineralisation occurs in both a magnetic ironstone horizon and non-magnetic metasediments.

The initial gradient array survey highlighted areas of known mineralisation (in drill holes) and new, as yet undrilled anomalies to the southeast of Copper Blow (the Southern Targets in Figure 4).

This was followed up by the high resolution Dipole-Dipole survey to produce some outstanding new drill targets which are likely to contain abundant sulphide (Figures 1 and 2). One of these will be drilled as part of the upcoming drill program.

Recent Gradient Array Survey

On the basis of positive results to date, the Company decided to extend the gradient array survey to the northeast of Copper Blow in order to fully cover the 4.5 kilometre-long prospective magnetic horizon.

With the recent Gradient Array extension the Company has now outlined a elongate chargeability anomaly at least 4 kilometres long. At both the northern and southern ends of the anomaly it enlarges and encompasses both magnetic ironstone and adjacent non-magnetic rocks.

To the south the gradient array anomaly extends approximately 1000 metre wide. To the north it is 450 metres wide and open-ended (Northern Targets in Figure 4). The survey did not fully encompass and close off the anomaly to the north and no Dipole-Dipole work has been undertaken in this area. This area of anomalism and interpreted sulphide is likely to be much larger.

Similar to untested chargeability anomalies in the Southern Targets (Figures 1 and 2), this new Northern Target zone is coincident with a gravity anomaly generated by a regional airborne gravity gradiometry survey flown in 2001 (Falcon TM).

In the Gradient Array survey the Northern and Southern Targets have similar IP intensities. Collectively the area of IP anomalism and interpreted subsurface sulphide is approximately 2 square kilometres in extent.

What does this mean?

The results of expanded geophysical surveys indicate potential for copper-gold mineralisation in sulphides which extends over a strike length over 4 kilometres from the Southern to Northern Targets covering an area of approximately 2 square kilometres. This suggests a much larger mineralised complex and potentially more copper, gold and cobalt, than that solely hosted in the magnetic ironstone complex where drilling has been focussed.

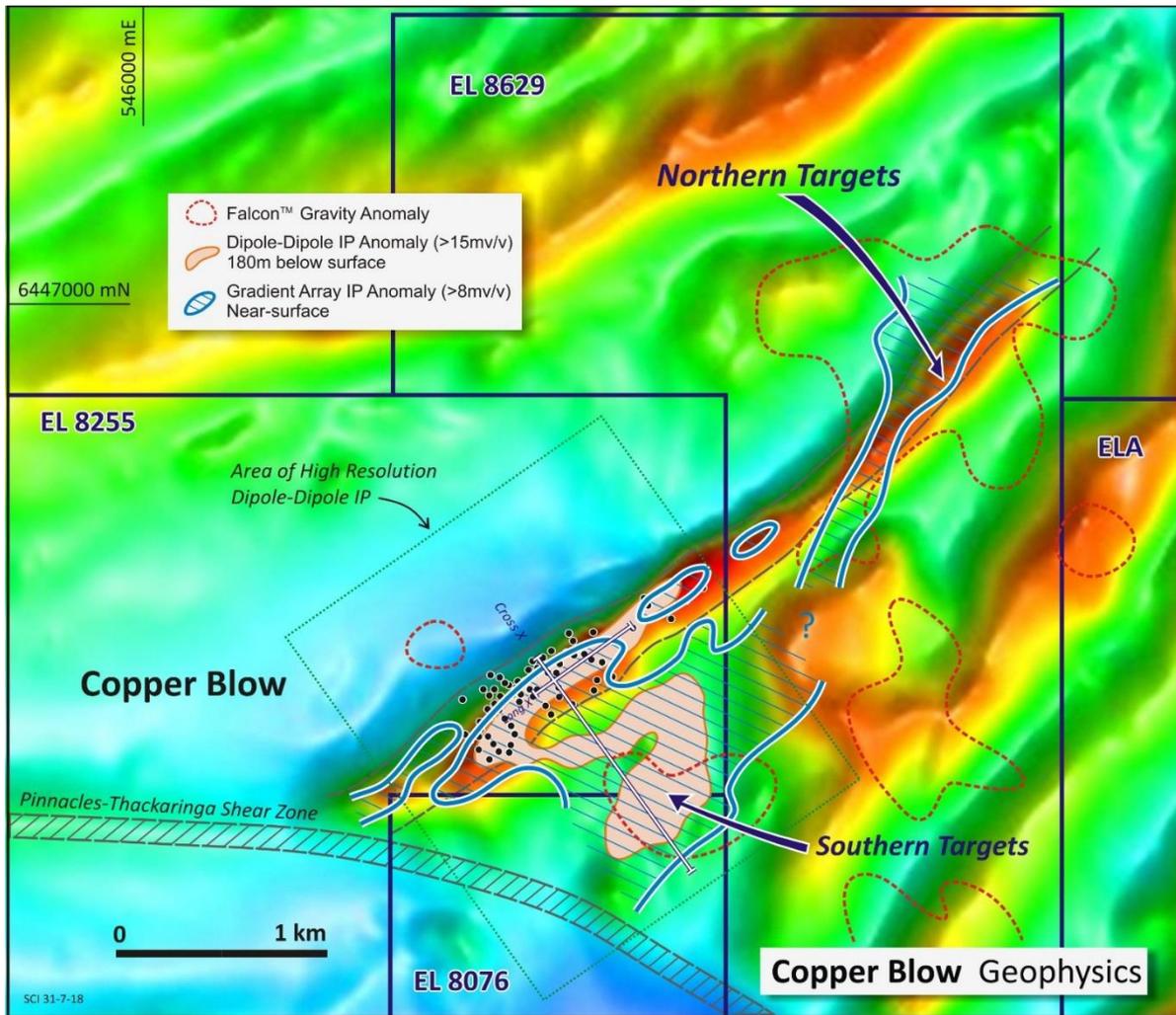


Figure 4 Simplified geophysical map showing background image of reduced-to-pole magnetics, gradient array contour at 8mv/v, the extent of the dipole-dipole IP survey, a horizontal slice of the IP model at 180 metres below surface (15mv/v contour) and Falcon™ gravity anomalies. Diagram shows that the 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. Both Southern and Northern Targets require drill testing.

The Company has previously suggested that mineralisation might be related to intrusive igneous rock known as gabbro, or that the non-magnetic IP anomalies may be responding to sulphide hosted in hematite breccias, a common ore type in iron oxide copper-gold (IOCG) deposits.

Company geologists suggest that not only is the Copper Blow magnetite-bearing shear zone an excellent conduit and trap for copper-gold mineralisation but the likely source of mineralising fluids may be an adjacent, copper-gold mineralised, magmatic intrusive complex which is not well exposed.

What next?

The Company is well funded to complete the program outlined in this report. It anticipates that the initial program of approximately 1000 metres of drilling will be followed by a much larger program (3000 to 4000 metres) that will test both the continuation of the magnetic ironstone and new geophysical and geochemical targets. A soil geochemical program to assist drill targeting has been initiated in the Northern Target zone.

Detailed results for the initial program are likely to be available at the end of October. The Company will keep the market informed of significant results as drilling progresses.

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, 12 June 2018, 5 July 2018 and 23 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

Management and Directors

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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	<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"> Report refers to IP surveys and future drilling
	<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"> Report refers to IP surveys and future drilling
	<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"> Results are Material to this and future Public Reports
	<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"> Report refers to IP surveys and future drilling
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 drilling
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 drilling
	<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 drilling.
	<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 drilling
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"> No rock or soil sampling
	<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 rock or soil sampling
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> No drilling.
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
	<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"> No rock or soil sampling
	<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"> No rock or soil sampling

Criteria	JORC Code explanation	Commentary
	<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"> No rock or soil sampling
	<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"> No measures undertaken
	<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 rock or soil sampling
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"> No rock or soil sampling
	<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"> No rock or soil sampling
	<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 rock or soil sampling
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
	<ul style="list-style-type: none"> The use of twinned holes. 	<ul style="list-style-type: none"> No drilling
	<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"> No drilling
	<ul style="list-style-type: none"> Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> No data adjustment
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"> No drilling
	<ul style="list-style-type: none"> Specification of the grid system used. 	<ul style="list-style-type: none"> MGA94 Zone 54
	<ul style="list-style-type: none"> Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Drone survey to millimetre accuracy
Data spacing and distribution	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No drilling
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	<ul style="list-style-type: none"> No compositing
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 	<ul style="list-style-type: none"> No drilling
	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No drilling
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> No drilling

Criteria	JORC Code explanation	Commentary
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. 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. 	<ul style="list-style-type: none"> 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 tenure is secure under NSW legislation. There are no known impediments to operate.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Details previously outlined in ASX Release 4 May 2017.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Iron oxide copper-gold deposit hosting cobalt
Drill hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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. 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. 	<ul style="list-style-type: none"> No drilling No drilling
Data aggregation methods	<ul style="list-style-type: none"> 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. 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. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> No data aggregation No drilling No equivalents are reported

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> 	<ul style="list-style-type: none"> • No drilling
	<ul style="list-style-type: none"> • <i>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').</i> 	<ul style="list-style-type: none"> • No drilling
Diagrams	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Body of report
Balanced reporting	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • No drilling
Other substantive exploration data	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • A dipole-dipole Induced Polarisation survey was completed over approximately 2.5 square kilometres on lines oriented northwest-southeast. Lines were 200 metres apart and the configuration used 100m dipoles. • A gradient array IP survey was completed in 6 blocks of approximately 600m by 800m using a 1200m transmitter dipole. Readings were taken every 25m on lines 100m apart. A total of 32.2 line kilometres was surveyed for a total area of 2.9 square km.
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Continued drilling, metallurgical testwork, continued IP and magnetic geophysical surveys and surface geochemical sampling. • Refer to figures in body of report