



ASX ANNOUNCEMENT

31 May 2016

Drilling Commences at Broken Hill **Zinc Targets at Stephens Trig and Yalcowinna West**

Highlights

- Testing open pit zinc potential at Stephens Trig, Broken Hill.
- Stephens Trig contains significant Broken Hill type (BHT) zinc-lead-silver mineralisation.
- Initial drilling returned shallow intersection 5 metres of 6.1% combined zinc-lead.
- New zinc anomaly to be drill-tested at Yalcowinna West.

Silver City Minerals Limited (ASX: SCI) (“Silver City” or “the Company”) is pleased to announce it has commenced reverse circulation drilling at Stephens Trig and the new Yalcowinna West zinc projects. These projects are located 12 kilometres north and 35 kilometres northeast of Broken Hill respectively (Figure 1). At Stephens Trig the Company has commenced a program to test the extent and tenor of zinc-lead mineralisation outlined in hole SGC019 with a step-out hole located to the south-west approximately 60 metres (Figure 2). At Yalcowinna West the Company will drill beneath a rotary airblast (RAB) geochemical anomaly 400 metres long located beneath alluvial cover. The RAB drilling returned spot values to 0.26% zinc (Figure 3).

Managing Director Chris Torrey commented “*These projects have a real chance of discovery for previously unknown zinc-lead-silver mineralisation. Low cost, open-pit potential is a distinct possibility. Of particular interest is the brand new anomaly at Yalcowinna West where geology remains obscured by cover. This project might open a whole new belt of mineralisation, largely ignored by previous explorers. The drilling, coupled with our new and exciting work on lithium in pegmatites, gives the district a whole new lease of exploration life*”

Background

Stephens Trig

Stephens Trig is host to some significant Broken Hill-type zinc-lead mineralisation. Previously reported deep intersections include:

- 3 metres at 1.4% lead and 5.8% zinc
- 10 metres at 1.1% lead and 1.3% zinc
- 12 metres at 2.3% lead and 6.8% zinc
- 16 metres at 0.3% lead and 1.3% zinc
- 2 metres at 1.4% lead and 3.1% zinc.
- 2 metres 4.3% lead and 12.0% zinc.

(Note: Previously reported in the Company Prospectus 2011 or ASX Release 9 January 2012 to a nominal 1% zinc cut-off).

In April this year five holes were completed to test the potential for open-pit mineralisation that might be amenable for trucking to mills in Broken Hill. The southern-most hole returned an intersection of **5 metres at 5.4% zinc, 0.7% lead and 10 g/t silver**, hosted within a broader intersection of 32 metres at 1.3% zinc in hole SGC019 (ASX Release 10 May 2016). The broader intersection commenced in oxidized material at 14 metres down-hole, with sulphide mineralisation commencing at 25 metres. Mineralisation is located close to the surface, easily within reach of open-pit mining and is the shallowest ever recorded in the project area.

This shallow zone between 150 metres depth and surface has never been systematically tested and hole SG019 confirms that significant mineralisation occurs. Follow-up drilling aims to test the lateral extent of this new mineralisation.

The project is a joint venture between Silver City (75%) and CBH Resources (25%) which owns and operates the Rasp Mine at Broken Hill. Silver City carries CBH to the commencement of a Definitive Feasibility Study

Yalcowinna West

A RAB drilling program by SCI, combined with historic RAB work outlined a new zinc bedrock anomaly beneath alluvial and soil cover which is approximately 400 metres long and up to 180 metres wide. The anomaly is nominally greater than 0.1% zinc (>1000 ppm) and contains individual samples up to 0.26% zinc (Figure 3). During drilling, features typical of BHT zinc-lead-silver mineralisation such as gossan, blue quartz and gahnite (a zinc aluminium oxide mineral) were recognised in bedrock samples (ASX Release 5 May 2016).

Historic holes located 300-400 metres to the south of the new zinc zone appear to have tested a weaker RAB anomaly located in the hanging wall zone. The new zinc anomaly outlined by SCI has a stronger tenor and to date remains untested. It represents a significant drill target for BHT mineralisation beneath shallow cover.

The project is wholly owned by SCI.

SILVER CITY MINERALS LIMITED



Christopher Torrey
Managing Director

ABOUT Silver City Minerals Limited

Silver City Minerals Limited (SCI) is a base metal and lithium 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 base-metals and has embarked on a detailed assessment of lithium in pegmatites. It has 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.) and Robert Gordon (BApSci;Hons) who are members of the Australian Institute of Geoscientists. Mr Torrey is the Managing Director, a shareholder and full time employee of Silver City Minerals Limited. Mr Gordon is a Senior Geologist and full time employee of Silver City Minerals Limited. Mr Torrey and Mr Gordon have 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 "Competent Persons" as defined by the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Torrey and Mr Gordon consent to the inclusion in this Report of the matters based on this information in the form and context in which it appears.

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Figures

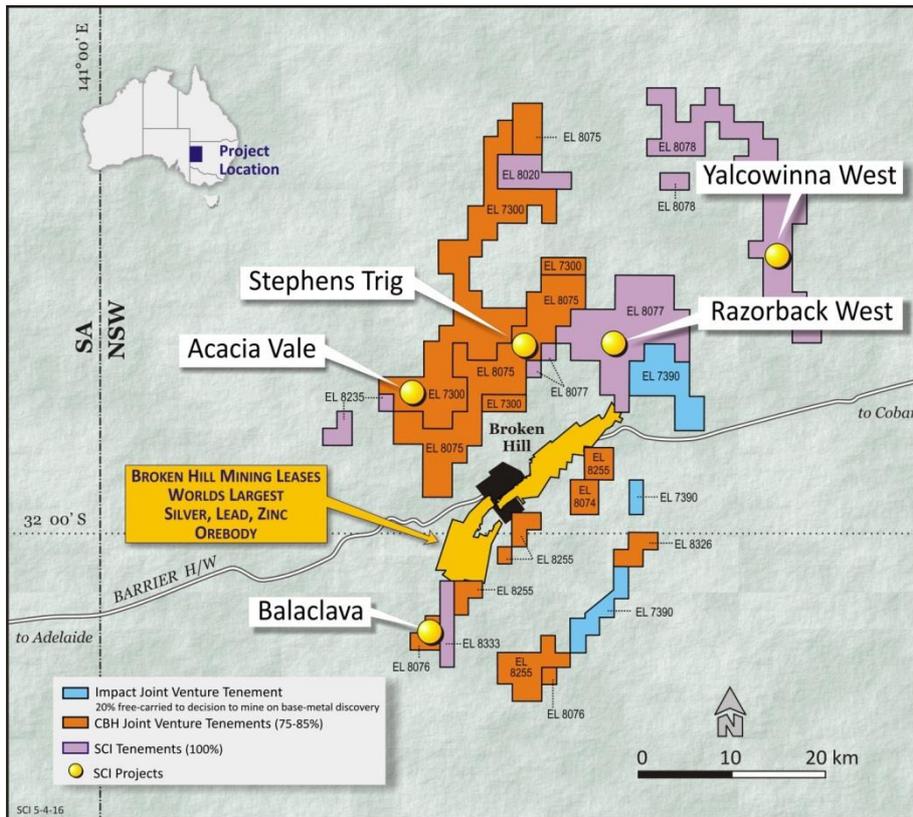


Figure 1. Silver City Minerals tenements and key projects at Broken Hill

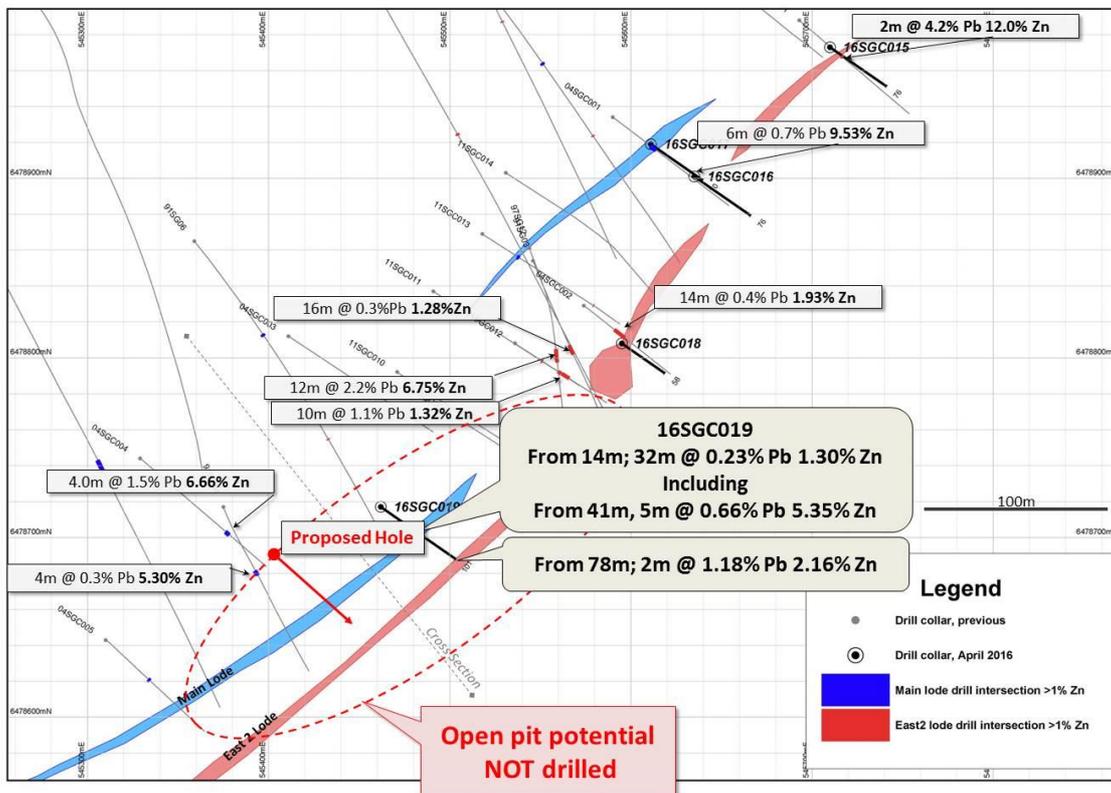


Figure 2. Location of new drill holes testing open pit potential at Stephens Trig.

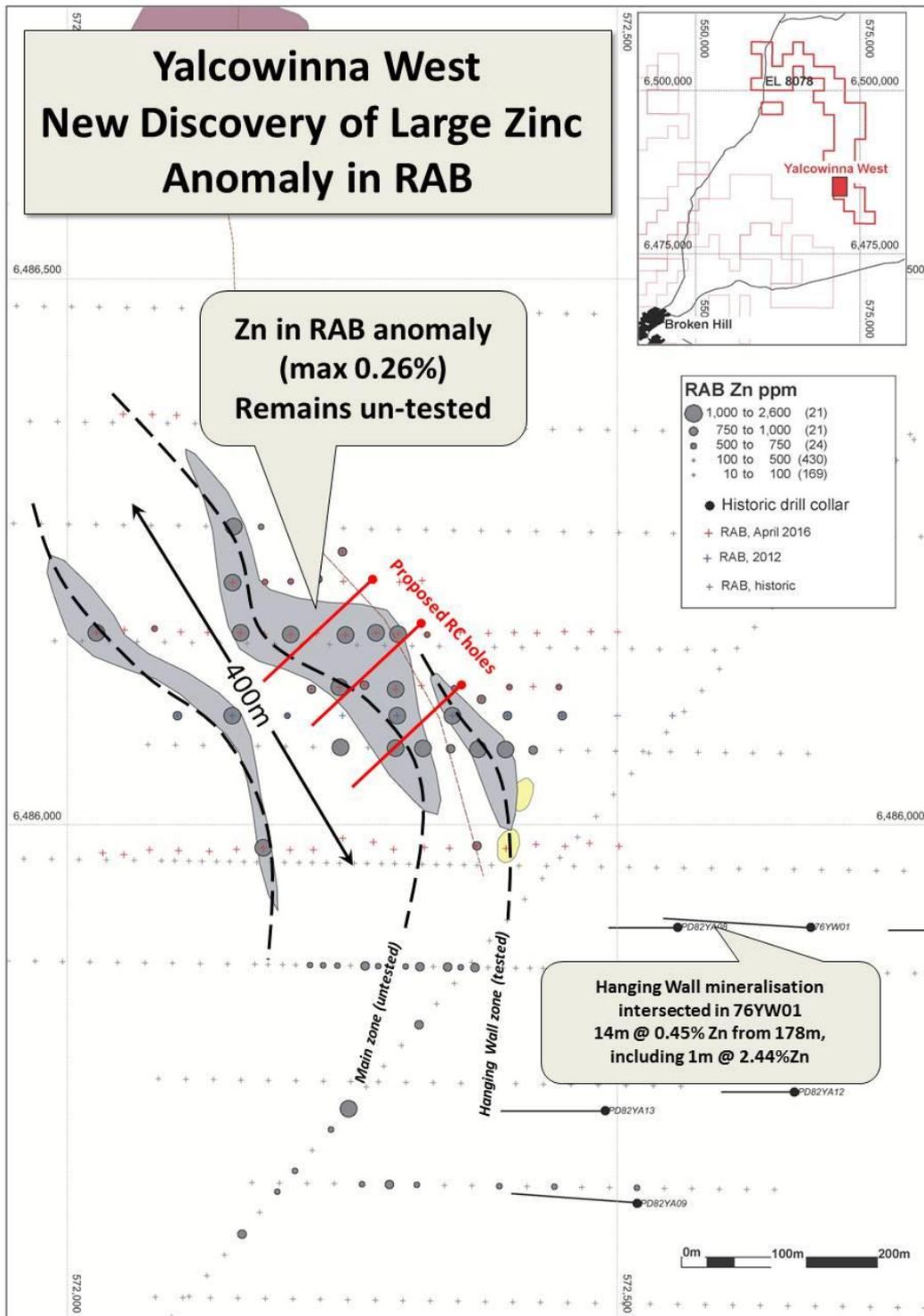


Figure 3. Yalcowinna West RAB anomaly (zinc) and proposed drilling.