



SILVER CITY MINERALS LIMITED

ABN 68 130 933 309

**31 DECEMBER 2013
HALF YEAR FINANCIAL REPORT**

Silver City Minerals - Exploring the Past for the Future

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Directors' Report

Your directors submit their report for Silver City Minerals Limited for the half year ended 31 December 2013.

Directors

The names of the Company's Directors in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Robert Besley Non-Executive Chairman

Chris Torrey Managing Director

Greg Jones Non-Executive Director

Ian Plimer Non-Executive Director

Ian Hume Non-Executive Director

Yanina Barila (Alternate to Ian Hume)

Review and results of operations

Silver City Minerals Limited has continued to assess projects in the Broken Hill district of New South Wales where it completed a Versatile Time Domain Electromagnetic survey (VTEM) over an area of Broken Hill-style lode-rock sequences prospective for silver, lead and zinc mineralisation. The survey has identified twenty nine anomalies which are currently being evaluated on the ground by field teams. In Queensland the Company has completed geological and geophysical surveys at the Sellheim gold project southeast of Charters Towers. It has identified a number of outstanding drill targets based on surface geochemical sampling, geological mapping and induced polarisation surveys. Drilling of these is scheduled to begin early in April 2014.

The information in this report that relates to Exploration Results is based on information compiled by Chris Torrey (BSc, MSc, RPGeo.) who is a member of the Australian Institute of Geoscientists. Mr Torrey is the Managing Director 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 he is undertaking to qualify as a "Competent Person" 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.

Financial results for the half year

The net loss after income tax expense for the half year to 31 December 2013 amounted to \$133,208 (2012: loss \$574,723).

Principal activities

The principal activity of the Company is exploration for the discovery and delineation of high grade base and precious metal deposits specifically within the Broken Hill block of NSW and the development of those resources into economic, cash flow generating businesses.

Dividends

No dividends were paid or proposed during the period.

Significant events after the balance date

There were, at the date of this report, no matters or circumstances which have arisen since 31 December 2013 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than:

- ▶ On 11 March 2014 the company announced that it had agreed terms for a placement of new shares at \$0.071 per share to raise \$419,700 with settlement expected to occur by 14 March 2014; and
- ▶ On 11 March 2014 the company also announced its intention to undertake a share purchase plan ("SPP") to eligible shareholders on Silver City's register at 7pm on 7 March 2014 with registered addresses in Australia and New Zealand who can apply for up to A\$15,000 worth of Silver City ordinary shares at the same discount price as the placement (7.1cents per share). The SPP is scheduled to open on 17 March 2014 with a closing date of 7 April 2014.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration to the Directors as required under section 307C of the Corporations Act 2001 is set out on page 13.

Signed at Sydney this 13th day of March 2014 in accordance with a resolution of the directors.



Bob Besley
Chairman



Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2013

	Note	31 Dec 2013 \$	31 Dec 2012 \$
Revenue	4	501,897	146,639
ASX and ASIC fees		(25,290)	(38,093)
Audit fees		(12,000)	(10,000)
Contract administration services		(59,506)	(54,695)
Employee costs (net of costs recharged to exploration projects)		(147,806)	(195,513)
Exploration expenditure expensed		(249,070)	(240,534)
Insurance		(9,850)	(12,241)
Marketing and conference cost		(19,073)	(36,675)
Rent		(15,888)	(17,206)
Share based payments		(26,220)	(41,904)
Travel and accommodation		(10,992)	(4,534)
Other expenses from ordinary activities		(59,410)	(69,967)
Loss before income tax expense		(133,208)	(574,723)
Income tax expense		-	-
Loss after income tax expense		(133,208)	(574,723)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		-	-
Total comprehensive loss attributable to members of Silver City Minerals Limited		(133,208)	(574,723)
Earnings per share			
Basic (loss) per share (cents per share)	10	(0.14)	(0.59)
Diluted (loss) per share (cents per share)	10	(0.14)	(0.59)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



Consolidated Statement of Financial Position

As at 31 December 2013

	Note	31 Dec 2013 \$	30 Jun 2013 \$
Current assets			
Cash assets	5	3,846,231	4,255,177
Receivables		92,824	507,918
Tenement security deposits	7	100,000	60,000
Total current assets		4,039,055	4,823,095
Non-current assets			
Receivables		4,740	4,740
Tenement security deposits	7	80,000	100,000
Property, plant and equipment		97,827	125,007
Deferred exploration and evaluation expenditure	6	6,470,706	5,783,658
Total non-current assets		6,653,273	6,013,405
Total assets		10,692,328	10,836,500
Current liabilities			
Payables		85,383	141,199
Provisions		61,833	58,926
Total current liabilities		147,216	200,125
Non-current liabilities			
Provisions		26,842	7,017
Total non-current liabilities		26,842	7,017
Total liabilities		174,058	207,142
Net assets		10,518,270	10,629,358
Equity			
Contributed equity	8	12,795,134	12,799,234
Accumulated losses		(3,206,824)	(3,073,616)
Reserves	9	929,960	903,740
Total equity		10,518,270	10,629,358

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



Consolidated Statement of Changes in Equity

For the half year ended 31 December 2013

	Note	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
At 1 July 2012		12,799,234	(2,457,924)	1,102,819	11,444,129
Loss for the period		-	(574,723)	-	(574,723)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	(574,723)	-	(574,723)
Transactions with owners in their capacity as owners:					
Issue of equity, net of transaction	8	-	-	-	-
Cost of share based payments taken directly to equity	9	-	-	41,904	41,904
Expired option value transferred to Accumulated Losses		-	194,105	(194,105)	-
At 31 December 2012		12,799,234	(2,838,542)	950,618	10,911,310
At 1 July 2013		12,799,234	(3,073,616)	903,740	10,629,358
Loss for the period		-	(133,208)	-	(133,208)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	(133,208)	-	(133,208)
Transactions with owners in their capacity as owners:					
Issue of equity, net of transaction	8	-	-	-	-
Cost of share based payments taken directly to equity	9	-	-	26,220	26,220
Expired options value	8	(4,100)	-	-	(4,100)
At 31 December 2013		12,795,134	(3,206,824)	929,960	10,518,270

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Consolidated Statement of Cash Flows

For the half year ended 31 December 2013

	Note	31 Dec 2013 \$	31 Dec 2012 \$
Cash flows from operating activities			
Payment to suppliers and employees		(318,869)	(364,570)
R&D tax concession offset		850,184	-
Interest received		65,490	143,402
Net cash flows from/(used in) operating activities		596,805	(221,168)
Cash flows from investing activities			
Purchase of motor vehicle and fixed assets		-	(19,290)
Expenditure on mining interests (exploration)		(985,751)	(1,131,639)
Tenement security deposits		(20,000)	(10,000)
Net cash flows (used in) investing activities		(1,005,751)	(1,160,929)
Cash flows from financing activities			
Proceeds from issue of equity		-	-
Equity raising expenses		-	-
Net cash flows from financing activities		-	-
Net increase (decrease) in cash held		(408,946)	(1,382,097)
Add opening cash brought forward		4,255,177	7,075,290
Closing cash carried forward	5	3,846,231	5,693,193

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



Notes to the Consolidated Financial Statements

For the half year ended 31 December 2013

1. Corporate information

The financial report of Silver City Minerals Limited (the Company) for the half year ended 31 December 2013 was authorised for issue in accordance with a resolution of the Directors on 13 March 2014. Silver City Minerals Limited (the parent) is a company incorporated in Australia and Limited by shares which are publicly traded on the Australian Securities Exchange using the ASX code SCI.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Summary of significant accounting policies

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half year financial report should be read in conjunction with the Annual Financial Report of SCI as at 30 June 2013.

It is also recommended that the half year financial report be considered together with any public announcements made by SCI during the half year ended 31 December 2013 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of preparation

The half year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements. The half year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete report period.

Significant accounting policies

The half year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2013.

Management has reviewed and assessed the new accounting standards effective 1 July 2013 and these have been deemed to be not applicable to the Group.

Basis of consolidation

The half year consolidated financial statements comprise the financial statements of Silver City Minerals Limited and its subsidiaries (the Group). The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. The subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Group includes Silver City Minerals Limited and its wholly owned subsidiaries.

3. Segment information

The operating segments identified by management are as follows:

Exploration projects funded directly by Silver City Minerals Limited ("Exploration")

Regarding the Exploration segment, the Chief Operating Decision Maker (the Board of directors) receives information on the exploration expenditure incurred. This information is disclosed in Note 6 of this financial report. No segment revenues are disclosed as each exploration tenement is not at a stage where revenues have been earned. Furthermore, no segment costs are disclosed as all segment expenditure is capitalised, with the exception of expenditure written off which is disclosed in Note 6.

Financial information about each of these tenements is reported to the Managing Director on an ongoing basis.



Notes to the Consolidated Financial Statements

For the half year ended 31 December 2013

Corporate office activities are not allocated to operating segments as they are not considered part of the core operations of any segment and comprise of the following:

- ▶ Interest revenue
- ▶ Corporate costs
- ▶ Depreciation and amortisation of non-project specific property, plant and equipment

The Company's accounting policy for reporting segments is consistent with that disclosed in Note 2.

4. Revenue

	31 Dec 2013	31 Dec 2012
	\$	\$
Interest received	82,685	146,639
R&D tax concession offset	419,212	-
	501,897	146,639

5. Cash and cash equivalents

	31 Dec 2013	30 Jun 2013
	\$	\$
Cash at bank	293,604	81,934
Money market securities – bank deposits	3,552,627	4,173,243
	3,846,231	4,255,177

6. Deferred exploration and evaluation expenditure

	31 Dec 2013	30 Jun 2013
	\$	\$
Costs brought forward	5,783,658	4,365,213
Costs incurred during the period	940,218	2,117,785
Cost of options expired for purchase of tenements	(4,100)	-
Expenditure written off during the period	(249,070)	(699,340)
Costs carried forward	6,470,706	5,783,658

7. Contingent assets and liabilities

The Company has provided guarantees totalling \$180,000 in respect of exploration tenements. These guarantees in respect of mining tenements are secured against deposits with various banking institutions. The Company does not expect to incur any material liability in respect of the guarantees.



Notes to the Consolidated Financial Statements

For the half year ended 31 December 2013

8. Contributed equity

Share capital

98,030,228 fully paid ordinary shares (30 Jun 13: 98,030,228)

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Listed options

29,167,263 options (30 Jun 13: 29,167,263)

Unlisted Options on issue

Nil (30 Jun 13: 4,100,000)

Share issue costs

	31 Dec 2013 \$	30 Jun 2013 \$
Share capital	13,389,500	13,389,500
Listed options	291,673	291,673
Unlisted Options on issue	-	4,100
Share issue costs	(886,039)	(886,039)
	12,795,134	12,799,234

Movements in ordinary shares on issue

At 31 December 2012

At 30 June 2013

At 31 December 2013

	Number	\$
At 31 December 2012	98,030,228	13,389,500
At 30 June 2013	98,030,228	13,389,500
At 31 December 2013	98,030,228	13,389,500

Movements in options on issue

At 31 December 2012

At 30 June 2013

Expiry of options

At 31 December 2013

	Number	\$
At 31 December 2012	33,267,263	295,773
At 30 June 2013	33,267,263	295,773
Expiry of options	(4,100,000)	(4,100)
At 31 December 2013	29,167,263	291,673

An additional 13,200,000 options are on issue under Share based payments (Note: 9).

Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Options

- Options do not carry voting rights or rights to dividend until options are exercised.



Notes to the Consolidated Financial Statements

For the half year ended 31 December 2013

9. Reserves (share based payments)

Movements in share based payments

At 31 December 2012

Options issued

Options expired

Value of options expensed over vesting period

At 30 June 2013

Options issued

At 31 December 2013

(i)

	Number	\$
At 31 December 2012	13,400,000	950,618
Options issued	-	-
Options expired	(1,200,000)	(50,880)
Value of options expensed over vesting period	-	4,002
At 30 June 2013	12,200,000	903,740
Options issued	1,000,000	26,220
At 31 December 2013	13,200,000	929,960

- (i) 1,000,000 options were issued to the Managing Director and approved by shareholders at the Company's AGM held in November 2013. The options were issued with an exercise price of \$0.08 and expiry date of 27 September 2016.

10. Earnings per share

Basic earnings (loss) per share

Diluted earnings (loss) per share

Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS

Earnings (loss) used in calculating basic and diluted EPS

	31 Dec 2013	31 Dec 2012
	Cents per share	Cents per share
Basic earnings (loss) per share	(0.14)	(0.59)
Diluted earnings (loss) per share	(0.14)	(0.59)
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	98,030,228	98,030,228
	\$	\$
Earnings (loss) used in calculating basic and diluted EPS	(133,208)	(574,723)

11. Events after the balance sheet date

There were, at the date of this report, no matters or circumstances which have arisen since 31 December 2013 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than:

- ▶ On 11 March 2014 the company announced that it had agreed terms for a placement of new shares at \$0.071 per share to raise \$419,700 with settlement expected to occur by 14 March 2014; and
- ▶ On 11 March 2014 the company also announced its intention to undertake a share purchase plan ("SPP") to eligible shareholders on Silver City's register at 7pm on 7 March 2014 with registered addresses in Australia and New Zealand who can apply for up to A\$15,000 worth of Silver City ordinary shares at the same discount price as the placement (7.1cents per share). The SPP is scheduled to open on 17 March 2014 with a closing date of 7 April 2014.



Directors' Declaration

In accordance with a resolution of the directors of Silver City Minerals Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Company's financial position as at 31 December 2013 and the performance for the half year ended on that date; and
 - (ii) Complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Bob Besley
Chairman

Sydney, 13 March 2014



Auditor's Independent Review Report



partners
C H Barnes FCA
A J Dowell CA
B Kolevski CPA (Affiliate ICAA)
M Galouzis CA
A N Fraser CA

associate
M A Nakkan CA

consultant
R H B Boulter FCA

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Independent Auditor's Review Report

To the members of Silver City Minerals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Silver City Minerals Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Silver City Minerals Limited (the company) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

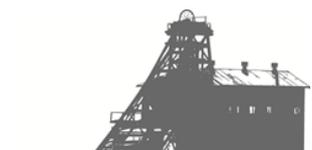
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Silver City Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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Please refer to the website for our standard terms of engagement.



Auditor's Independent Review Report



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Silver City Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Silver City Minerals Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

BDJ Partners
Chartered Accountants

A handwritten signature in black ink, appearing to read 'C. H. Barnes'.

.....
C. H. Barnes
Partner

13 March 2014



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Auditor's Independence Declaration



partners
C H Barnes FCA
A J Dowell CA
B Kolevski CPA (Affiliate
ICAA)
M Galouzis CA
A N Fraser CA

associate
M A Nakkan CA

consultant
R H B Boulter FCA

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Silver City Minerals Limited and Controlled Entities

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2013 there have been:

- a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

BDJ Partners
Chartered Accountants

.....
C. H. Barnes
Partner

4 March 2014



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Corporate Directory

Silver City Minerals Limited

ABN 68 130 933 309

Directors

Robert Besley	Non-Executive Chairman
Christopher Torrey	Managing Director
Greg Jones	Non-Executive Director
Ian Plimer	Non-Executive Director
Ian Hume	Non-Executive Director
Yanina Barila	Alternate to Ian Hume

Company Secretary

Ivo Polovineo

Registered and Administration Office

Level 1, 80 Chandos Street
St Leonards, NSW 2065
PO Box 956, Crows Nest, NSW 1585
Telephone: 02 9437 7137
Facsimile: 02 9906 5233
Website: www.silvercityminerals.com.au
E-mail: info@silvercityminerals.com.au

Share Registry

Boardroom Pty Limited
GPO Box 3993
Sydney, NSW 2001
Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664
Email: enquiries@boardroomlimited.com.au
Website: www.boardroomlimited.com.au

Auditors

BDJ Partners

Bankers

Commonwealth Bank of Australia
Bank West

Securities Exchange Listing

Listed on Australian Securities Exchange Limited
ASX Code: SCI

