

# SILVER CITY MINERALS

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## **Silver City Minerals Limited**

**ACN 130 933 309**

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### **NOTICE OF ANNUAL GENERAL MEETING**

### **EXPLANATORY MEMORANDUM**

### **PROXY FORM**

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**Date of Meeting**

Tuesday 21 November 2017

**Time of Meeting**

10.00 am (Sydney time)

**Place of Meeting**

Level 1, 80 Chandos Street, St Leonards, NSW 2065



## NOTICE OF ANNUAL GENERAL MEETING

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### SILVER CITY MINERALS LIMITED

ACN 130 933 309

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Silver City Minerals Limited (**Company**) will be held at Level 1, 80 Chandos Street, St Leonards, NSW 2065 on 21 November 2017 at 10.00 am (Sydney time) for the purpose of transacting the following business.

#### **2017 Financial Report**

To receive and consider the financial statements of the Company for the year ended 30 June 2017, consisting of the Financial Report, the Directors' Report and Auditor's Report.

#### **Resolution 1 - Remuneration Report**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That the Remuneration Report of the Company for the year ended 30 June 2017 be adopted."*

#### **Resolution 2 - Re-Election of Ian Plimer as a Director**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That Ian Plimer, having retired as a Director pursuant to clause 12.3(a) of the Company's Constitution and, being eligible and having offered himself for re-election, be re-elected as a Director."*

#### **Resolution 3 - Re-Election of Gregory Jones as a Director**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That Gregory Jones, having retired as a Director pursuant to clause 12.3(a) of the Company's Constitution and, being eligible and having offered himself for re-election, be re-elected as a Director."*

#### **Resolution 4 - Election of Josh Puckridge as a Director**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That Josh Puckridge, having retired as a Director pursuant to clause 12.3(b) of the Company's Constitution and, being eligible and having offered himself for re-election, be re-elected as a Director."*



## NOTICE OF ANNUAL GENERAL MEETING

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### **Resolution 5 - Approval of Prior Placement of Shares on 28 July 2017**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders of the Company approve the prior issue on 28 July 2017 of 23,785,844 fully paid ordinary shares in the Company at an issue price of \$0.018 per share to sophisticated shareholders pursuant to subscription agreements arranged by Patersons Securities Limited on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

### **Resolution 6 - Approval of Issue of Unlisted Options**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment of 3,000,000 unlisted Options for nil consideration to Patersons Securities Limited (or its nominee with an exercise price of 3 cents each, expiring three years after the date of issue and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

### **Resolution 7 – Authorisation of Issue of Options**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of Rule 7.2 Exception 9 of the Listing Rules of ASX Limited and for all other purposes, shareholders hereby approve the issue of Options under the Company’s Employee Share Option Plan (“ESOP”) to persons eligible to participate in the ESOP, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

### **Resolution 8 - Issue of Shares up to an Additional 10% of the Company’s Issued Capital**

To consider, and if thought fit, to pass the following as a **special resolution**:

*“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities up to an additional 10% of the issued capital of the Company (at the time of issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum which is attached to and forms part of this Notice.”*

By order of the Board

Ivo Polovineo - Secretary

Date: 5 October 2017



## NOTICE OF ANNUAL GENERAL MEETING

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### **Explanatory Memorandum**

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting, and should be read in conjunction with this Notice of Annual General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and the Explanatory Memorandum.

### **Voting Exclusion**

#### **Resolution 1**

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (d) the vote is not cast on behalf of a person described in paragraphs (a) or (b) above.

If a shareholder wishes to nominate the Chairman as their proxy for the purpose of Resolution 1 the shareholder can direct the Chairman to vote by marking one of the boxes for Resolution 1 on the Proxy Form. If a shareholder appoints the Chairman as proxy or the Chairman of the meeting is appointed as proxy by default but the shareholder does not mark a voting box for Resolution 1, the shareholder will be taken to have expressly authorised the Chairman of the meeting to exercise the proxy in respect of Resolution 1 even though the item is connected with the remuneration of Key Management Personnel.

The Chairman intends to vote all available proxies in favour of Resolution 1.

#### **Resolution 5**

The Company will disregard any votes in respect of Resolution 5 if they are cast by or on behalf of any subscribers to the issue of Shares as detailed in the Explanatory Memorandum (including Patersons Securities Limited), or any associate of those persons.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



## NOTICE OF ANNUAL GENERAL MEETING

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### Resolution 6

The Company will disregard any votes in respect of Resolution 6 if they are cast by or on behalf Patersons Securities Limited, or any associate of Patersons Securities Limited and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### Resolution 7

The Company will disregard any votes in respect of Resolution 7 if they are cast by or on behalf of any Director (except those who are ineligible to participate in any employee incentive scheme in relation to the Company) and their associates.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### Resolution 8

The Company will disregard any votes cast on Resolution 8 by:

- (a) A person who may participate in the proposed issue of shares and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if the resolution is passed; and
- (b) Any associate of those persons.

However, the Company need not disregard any vote by any such persons on Resolution 8 if:

- (c) It is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or
- (d) It is cast by the person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

### Record date

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth), that the holders of Shares recorded in the Company's register as at 7pm (Sydney time) on 19 November 2017 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.



## NOTICE OF ANNUAL GENERAL MEETING

### Proxies

- (a) Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative;
- (b) Each shareholder has a right to appoint one or two proxies;
- (c) A proxy need not be a shareholder of the Company;
- (d) If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution;
- (e) Where a shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- (f) If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands;
- (g) A proxy must be signed by the Shareholder or his or her power of attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with the Company's Constitution and the Corporations Act.
- (h) To be effective, proxy forms must be received by the Company's share registry (Boardroom Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, that is no later than 10.00 am Sydney time on 19 November 2017. Any proxy form received after that time will not be valid for the scheduled meeting.

#### Hand Delivery

Boardroom Pty Limited  
Level 12,  
225 George St  
SYDNEY NSW 2000

#### By Mail

Boardroom Pty Limited  
GPO Box 3993  
SYDNEY NSW 2001

#### By Facsimile

(02) 9290 9655

### Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative



## EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice of Annual General Meeting convening the annual general meeting of shareholders of Silver City Minerals Limited (**Company**) to be held on 21 November 2017. This Explanatory Memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice of Annual General Meeting and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Resolutions 1 to 7 are ordinary resolutions and Resolution 8 is a special resolution. They are separate resolutions and in no way dependent on each other.

### ORDINARY BUSINESS

#### 2017 Financial Report

This item of business relates to the receipt and adoption of the Company's Financial Report for the year ended 30 June 2017. The 2017 Annual Report can be accessed on the Company's website at [www.silvercityminerals.com.au](http://www.silvercityminerals.com.au).

#### Resolution 1 - Remuneration Report

The Remuneration Report is a section of the Directors Report contained in the 2017 Annual Report. It is a requirement of the Corporations Act that the Report be provided to shareholders and voted upon by a vote which is advisory only and does not bind the Directors or the Company. However, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGM's, shareholders will be required to vote at the second of those AGM's on a resolution that another meeting be held within 90 days at which all of the Company's Directors who are subject to a re-election requirement must go up for re-election. At the 2016 AGM, 1.97% of votes were cast against approval of the Remuneration Report.

The Remuneration Report:

- Explains the Board's policies relating to remuneration of Directors, secretaries and executives of the Company;
- Discusses the relationship between such policies and the Company's performance;
- Provides details of any performance conditions attached to such remuneration; and
- Sets out remuneration details for each Director and certain named executives.

#### Resolution 2 - Re-Election of Ian Plimer as a Director

Pursuant to clause 12.3(a) of the Company's Constitution, a Director must not hold office (without re-election) after

the third annual general meeting following the Director's appointment or three years, whichever is longer.

Professor Plimer was re-elected as a Director at the 2014 Annual General Meeting of the Company and accordingly resigns and offers himself for re-election.

The Company provides the following information concerning Professor Plimer:

#### Biographical details

Professor Ian Plimer BSc (Hons), PhD, FTSE, FGS, FAIMM is Emeritus Professor at The University of Melbourne where he was Professor and Head of Geology (1991-2005). He was Professor and Head of Geology (University of Newcastle 1985-1991), DFG Professor at Ludwig Maximilians Universität (Munich: 1991) and Professor of Mining Geology (University of Adelaide 2005-2012). Professor Plimer has published more than 130 scientific papers and is author of multiple best-selling books for the general public.

Professor Plimer's geological expertise is in mineral resources, especially Broken Hill.

#### Details of relationships between the Candidate and the Company

Professor Plimer is a non-executive director of the Company.

#### Details of relationships between the Candidate and Directors of the Company

Not applicable.

#### Other directorships held

Professor Plimer is a non-executive director of Kefi Minerals Ltd (AIM:KEFI) and unlisted Hancock Prospecting companies (Roy Hill Holdings, Hope Downs and Queensland Coal Investments). He represents Hancock Prospecting on the Lakes Oil NL Board (ASX: LKO). He has served on the boards of Ivanhoe Australia Ltd (ASX:IVA, TSX: IVA) and CBH Resources Ltd (ASX:CBH).

#### The term of office already served by Professor Plimer

Professor Plimer joined the Board on 21 February 2011.

The Directors (other than Professor Plimer) do not have an interest in the outcome of Resolution 2 and recommend that shareholders vote in favour of Resolution 2.

#### Resolution 3 - Re-Election of Gregory Jones as a Director

Pursuant to clause 12.3(a) of the Company's Constitution, a Jones was re-elected as a Director at the 2014 Annual General Meeting of the Company and accordingly resigns and offers himself for re-election.

The Company provides the following information concerning Mr Jones:



## EXPLANATORY MEMORANDUM

### Biographical details

Mr Jones is a geologist with over 30 years of exploration and operational experience gained in a broad range of metalliferous commodities within Australia and overseas. He has held senior positions in a number of resource companies including Western Mining Corporation and Sino Gold Mining Limited. His experience spans the spectrum of exploration activity from grass-roots exploration through to resource definition and new project generation, as well as mine geology, ore resource/reserve generation and new mine development.

Mr Jones Greg was awarded the Institute Medal for academic excellence whilst at university and is credited with several economic discoveries including the Blair nickel and the Orion gold deposits in Western Australia.

### Details of relationships between the Candidate and the Company

Mr Jones is a non-executive director of the Company.

### Details of relationships between the Candidate and Directors of the Company

Not applicable.

### Other directorships held

Mr Jones is an executive director of Variscan Mines Limited and a non-executive director of Thomson Resources Ltd, Eastern Iron Limited and Moly Mines Limited

### The term of office already served by Mr Jones

Mr Jones joined the Board on 30 April 2009.

The Directors (other than Mr Jones) do not have an interest in the outcome of Resolution 3 and recommend that shareholders vote in favour of Resolution 3.

### Resolution 4 - Election of Josh Puckridge as a Director

Pursuant to clause 12.3(b) of the Company's Constitution, the directors may at any time appoint any person as a director. That person shall hold office until the end of the next following annual general meeting and shall be eligible for election at that meeting.

Mr Puckridge was appointed a director of the Company on 3 February 2017.

The Company provides the following information concerning Mr Puckridge:

### Biographical details

Mr Puckridge is a Corporate Finance Executive formerly working as a specialist Equity Capital Markets Advisor for Fleming Australia, a Corporate Advisory and Funds Management firm. He has significant experience within funds management, capital raising, mergers, acquisitions and divestments of projects by companies listed on the Australian Securities Exchange.

Formerly Executive Director and Chief Executive of Discovery Resources Limited, Mr Puckridge structured

the acquisition of the Canberra Casino and the relisting of the Company as Aquis Entertainment Limited. He was a founding Director of Windward Resources Limited, seeding and listing the Company and raising more than \$11m. Mr Puckridge coordinated the change of Board of TopTung Ltd (then, Krucible Metals Limited), returning \$5m to its shareholders in 2015; subsequently, the Company acquired a NSW based tungsten project. Mr Puckridge also holds various positions on private company boards.

### Details of relationships between the Candidate and the Company

Mr Puckridge is a non-executive director of the Company.

### Details of relationships between the Candidate and Directors of the Company

Not applicable.

### Other directorships held

Mr Puckridge is a non-executive director of Blaze International Ltd, MCS Services Ltd and Fraser Range Metals Group Ltd

### The term of office already served by Mr Puckridge

Mr Puckridge joined the Board on 3 February 2017.

The Directors (other than Mr Puckridge) do not have an interest in the outcome of Resolution 4 and recommend that shareholders vote in favour of Resolution 4.

### Resolution 5 - Approval of Prior Placement of Shares on 28 July 2017

A total of 23,785,844 Shares were issued on 28 July 2017 pursuant to Silver City's existing capacity to issue Shares under Listing Rule 7.1.

The Shares were issued to sophisticated shareholders pursuant to subscription agreements arranged by Patersons Securities Limited as disclosed in the ASX announcement dated 25 July 2017.

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

ASX Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 will be treated as having been made with shareholder approval for the purposes of that Listing Rule if shareholders subsequently approve it and the issue did not breach Listing Rule 7.1.

If Shareholders approve Resolution 5, the issue of 23,785,844 Shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

In accordance with ASX Listing Rule 7.5 the following information is provided:





## EXPLANATORY MEMORANDUM

(a) A total of 23,785,844 ordinary fully paid shares were allotted on 28 July 2017 at an issue price of \$0.018 per share.

(b) The securities were ordinary fully paid shares ranking equally in all respects with the Company's issued shares.

(c) The shares were issued to sophisticated shareholders pursuant to subscription agreements arranged by Patersons Securities Limited

(d) As announced on 25 July 2017, the shares were issued to fund drill testing of significant copper-gold mineralisation at the Copper Blow Prospect, located 20 kilometres from Broken Hill in NSW.

A voting exclusion statement is included in this Notice.

The Board recommends Shareholders vote in favour of Resolution 5 as it allows the Company greater flexibility to issue further securities representing up to 15% under ASX Listing Rule 7.1 of the total number of Shares on issue in any 12 month period without Shareholder approval.

### Resolution 6 - Approval of Issue of Unlisted Options

As part of the costs associated with the Placement of Shares set out in Resolution 6 the Company is required to issue 3,000,000 Options to Patersons Securities Limited (or its nominee) which is subject to approval by shareholders at this General Meeting.

In accordance with ASX Listing Rule 7.3 the following information is provided:

- (a) A maximum of 3,000,000 Options will be issued with exercise price of 3.0 cents each, expiring three years after the date of issue.
- (b) Subject to Shareholders' approval the Options will be issued as soon as practicable after the date of this General Meeting but in any event no later than 3 months after the General Meeting.
- (c) The Options will be issued for no consideration noting that they are proposed to be issued as fees pursuant to the mandate with Patersons Securities Limited relating to the Placement announced on 25 July 2017.
- (d) The 3,000,000 Options will be issued to Patersons Securities Limited (or its nominee).
- (e) The Options will have an exercise price of 3.0 cents each, expiring three years after the date of issue. The key terms of the Options are set out in the Annexure A to this Explanatory Memorandum.
- (f) A voting exclusion statement is included in this Notice.

The Board recommends Shareholders vote in favour of Resolution 6 as the effect of this approval will be that

the Company's capacity to issue additional Equity Securities in the next 12 months up to 15% of its share capital in accordance with ASX Listing Rule 7.1 will not be diminished by the proposed issue of the Options.

### Resolution 7 – Authorisation of Issue of Options

Pursuant to Listing Rule 7.1, the Company may, within a 12 month period, issue equity securities equivalent to 15% of the total issued ordinary securities in the Company without obtaining Shareholder approval.

Listing Rule 7.2 Exception 9 contains an exception to the 15% limit where shareholders have approved the issue of securities under an employee incentive scheme within 3 years before the date of issue of securities.

It is common for companies to obtain approval for the issue of securities pursuant to an employee incentive scheme so that listing Rule 7.2 Exception 9 applies to the Company's employee incentive scheme. As almost three years have elapsed since the Shareholders last approved the issue of securities under the employee Share option plan ("ESOP") the Company is seeking the approval of Shareholders to issue securities in accordance with the ESOP for the purposes of Listing Rule 7.2 Exception 9.

### Disclosure for the purposes of Listing Rule 7.2 Exception 9

#### *Purpose of the ESOP*

The Company established the ESOP in 2010 to assist in the attraction, retention and motivation of employees of the Company.

#### *Summary of the terms of the ESOP*

A summary of the terms of the ESOP is set out in Annexure B to this Explanatory Memorandum.

The ESOP is administered by the Board in accordance with the rules of the ESOP, and the rules are subject to the Listing Rules.

Shareholders can obtain a full copy of the ESOP by contacting the Company Secretary.

#### *Number of ESOP Options issued under the ESOP since the date of the last approval*

There have been 3,000,000 Options issued under the ESOP since the date of the last approval (20 November 2014).

### **Directors' Recommendation**

The Directors recommend that all Shareholders vote in favour of Resolution 7.



## EXPLANATORY MEMORANDUM

### Resolution 8 - Issue of Shares up to 10% of the Company's Issued Capital

Listing Rule 7.1A enables an eligible entity to seek shareholder approval to issue Equity Securities up to 10% of its issued share capital over a 12 month period commencing from the Annual General Meeting where shareholder approval is received. The 10% issue capacity allowed under Listing Rule 7.1A ("7.1A 10% Capacity") is in addition to the Company's 15% annual placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 7.1A 10% Capacity.

The exact number of Equity Securities to be issued under the 7.1A 10% Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

#### Listing Rule 7.1A

##### Shareholder approval required

The ability to issue Equity Securities under Listing Rule 7.1A is subject to shareholder approval by way of special resolution at an Annual General Meeting.

##### Class of equity securities issued

Any Equity Securities issued under the 7.1A 10% Capacity must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one quoted class of Equity Securities being fully paid ordinary Shares.

##### Calculating 7.1A 10% Capacity

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue during the period of the approval a number of Equity Securities calculated in accordance with the following formula:

$$(AxD)-E$$

Where:

**A** is the number of Shares on issue 12 months before the date of issue or agreement:

- **Plus** the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- **Plus** the number of partly paid Shares that became fully paid in the 12 months;
- **Plus** the number of fully paid Shares issued in the
- 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the

entity's 15% placement capacity without shareholder approval;

- **Less** the number of fully paid Shares cancelled in the 12 months.

*Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% issue capacity.*

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

##### Effect of Listing Rule 7.1 with 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% issue capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 158,578,962 Shares and therefore will have a capacity to issue:

- (i) Subject to approval of resolution 3, 23,786,844 Equity Securities under Listing Rule 7.1; and
- (ii) Subject to shareholder approval being sought under this Resolution 9, 15,857,896 Equity Securities under Listing Rule 7.1A

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

##### Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class of Equity Securities were recorded immediately before:

- The date on which the price at which the Equity Securities are to be issued is agreed; or
- If the Equity Securities are not issued within 5 Trading Days of the date referred to above, the date on which the Equity Securities are issued.

##### Approval Validity Period

Shareholder approval of the 7.1A 10% Capacity under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- The date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- The date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).



## EXPLANATORY MEMORANDUM

### Specific Information required by Listing Rule 7.3A

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trading in that class of Equity Securities were recorded immediately before:

- (i) The date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) If the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

If Resolution 8 is approved by Shareholders and the Company issues Equity Securities under the 7.1A 10% Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:

- (i) The market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) The Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The following table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- Two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on

issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- Two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

The table has been prepared on the following assumptions

- The Company issues the maximum number of Equity Securities available under the 7.1A 10% Capacity.
- No Options are exercised which have converted into Shares before the date of issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- This table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 7.1A 10% Capacity, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A and not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the 7.1A 10% Capacity consists only of Shares being the only class of Equity Securities on Issue at the date of this Notice of Annual General Meeting.
- The base issue price is \$0.029 being the closing price of the Shares on ASX on 4 October 2017.
- The Company will only issue and allot the Equity Securities during 12 months following the approval of Resolution 8. The approval under Resolution 8 for the issue of the Equity

Variable 'A' in Listing Rule 7.1A2		Issue Price Assumptions		
		Less: 50% \$0.0145	Base \$0.029	Plus: 100% \$0.058
<b>Current 196,281,438</b>	10% issue	19,628,143	19,628,143	19,628,143
	Funds raised	\$284,608	\$569,216	\$1,138,432
<b>Plus 50% 294,422,157</b>	10% issue	29,442,215	29,442,215	29,442,215
	Funds raised	\$426,512	\$853,824	\$1,707,648
<b>Plus 100% 392,562,876</b>	10% issue	39,256,287	39,256,287	39,256,287
	Funds raised	\$569,216	\$1,138,432	\$2,276,864



## EXPLANATORY MEMORANDUM

Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).

The Company may seek to issue the Equity Securities for the following purposes:

- Non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- Cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets; or
- investments (including expenses associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 7.1A 10% Capacity.

- The financial situation and solvency of the Company; and
- Advice from corporate, financial and broking advisers (if applicable).

The allottees under the 7.1A 10% Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 7.1A 10% Capacity will be the vendors of the new resources assets or investments.

The following table shows details of all issues of Equity Securities in the 12 months preceding the Annual General Meeting and other information required under Listing Rule 7.3A.

The Company previously obtained Shareholder approval under Listing Rule 7.1A on 15 November 2016.

On 15 November 2016 the Company had on issue 158,578,962 ordinary shares and 22,222,540 options making a total of 180,801,502 Equity Securities. During the previous 12 months the Company issued 43,202,476 equity securities, which represents 23.9% of the total on issue at 15 November 2016.

Issue Date	Details	Names of the persons to whom securities were issued or basis on which determined	Consideration	Number of securities issued	Class and Description	Issue Price	Closing Market Price	(Discount)/ Premium %
24 November 2016	Directors and employee Options	Directors and employees	Nil	8,500,000	Options exercise price \$0.06 expiring 24 Nov 2019	N/A	N/A	N/A
28 July 2017	Placement	Placement subscribers	\$428,145	23,785,844	Ordinary Shares	\$0.018	\$0.019	(5.6)
18 August 2017	SPP	SPP subscribers	\$250,499	13,916,632	Ordinary Shares	\$0.018	\$0.021	(16.7)
			Total	<b>43,202,476</b>				

The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- The methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing securities holders can participate;
- The effect of the issue of the Equity Securities on the control of the Company;
- 

The funds raised from the Placement and SPP in July and August 2017 are being utilised to fund drill testing of significant copper-gold mineralisation at the Copper Blow Prospect, located 20 kilometres from Broken Hill in NSW.

A voting exclusion statement is included in this Notice of Meeting. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice



## EXPLANATORY MEMORANDUM

### GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

**ASX** means ASX Limited ACN 008 624 691;

**ASX Listing Rules** means the official listing rules of ASX;

**Board** means the board of Directors;

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth);

**Company** means Silver City Minerals Limited ACN 130 933 309;

**Corporations Act** means *Corporations Act 2001* (Cth);

**Directors** mean the directors of the Company;

**Equity Securities** has the meaning given to that term in the ASX Listing Rules;

**Key Management Personnel** has the same meaning as in the accounting standards (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director, whether executor or otherwise, of the Company);

**Meeting** means the meeting of shareholders convened by the Notice of Annual General Meeting;

**Notice of Annual General Meeting** means the notice of annual general meeting to which this Explanatory Memorandum is attached;

**Option** means an option to acquire a Share;

**Share** means a fully paid ordinary share in the capital of the Company; and

**Trading Day** means a day determined by the ASX to be a trading day in accordance with the ASX Listing Rules.



## ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS  
(Resolutions 6)

- The options held by the optionholder are exercisable in whole or in part at any time during the exercise period. Options not exercised before the expiry of the exercise period will lapse.
- Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price in cleared funds.
- The Company will not apply for official quotation on ASX for the options. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
- Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the optionholder dies, the legal personal representative of the deceased optionholder may:
  - (i) elect to be registered as the new holder of the options;
  - (ii) whether or not he becomes so registered, exercise those options in accordance with the terms and conditions on which they were granted; and
  - (iii) if the deceased has already exercised options, pay the exercise price in respect of those options.
- An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
- If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
- If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:
 
$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$
 Where:
  - A = the new exercise price of the option;
  - O = the old exercise price of the option;
  - E = the number of underlying ordinary shares into which one option is exercisable;
  - P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex-rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
  - S = the subscription price for a security under the pro rata issue;
  - D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
  - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.



## ANNEXURE B

**SUMMARY OF THE RULES OF THE EMPLOYEE  
SHARE OPTION PLAN  
(Resolutions 7)**

The Company has established the Silver City Minerals Limited Employee Share Option Plan ("ESOP") to assist in the attraction, retention and motivation of employees of the Company and its related bodies corporate ("Group").

A summary of the Rules of the ESOP is set out below.

- All employees (full and part-time) will be eligible to participate in the ESOP after a 12 month employment qualifying period.
- The Board can also authorise a Contractor of the Group to be an eligible employee for the purposes of the ESOP
- The allocation of Options to each employee is in the discretion of the Board.
- If permitted by the Board, Options may be issued to an employee's nominee.
- At the time of making an offer, the Board will specify the exercise price of the Options, the expiry date, the acceptance period and any applicable vesting conditions.
- The exercise price of Options will be determined by the Board with reference to, but not limited to factors including the market value of the Company's Shares on the date the offer is made, on the date the Options are granted or on a specified date which is after the date the Options are granted
- The Options will be issued for nil consideration and may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered without the prior written approval of the Board.
- The Options will automatically lapse and be forfeited where an employee voluntarily resigns from employment, is dismissed or their contract terminated on grounds including willful misconduct, incompetence, fraud and breach of contract. In the event of death, redundancy, or retirement of an eligible employee, or in the case of a Contractor, termination of the relevant contract for services as a result of the passage of time or completion of the contracted services, the eligible employee or their legal representative will have a period of six months in which to exercise the Option.

- Except with the consent of the Board, Options may not be transferred and will not be quoted on or by ASX.
- Shares issued as a result of the exercise of Options will rank equally with the Company's previously issued shares.
- Optionholders may only participate in new issues of securities by first exercising their Options.
- If there is a bonus share issue to the holders of shares, the number of shares over which an Option is exercisable will be increased by the number of shares which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.
- If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

- A = the new exercise price of the option;
  - O = the old exercise price of the option;
  - E = the number of underlying ordinary shares into which one option is exercisable;
  - P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex-rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
  - S = the subscription price for a security under the pro rata issue;
  - D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
  - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- If there is a reorganisation of the issued capital of the Company, unexercised Options will be reorganised in accordance with the Listing Rules.
  - The Board may amend the ESOP Rules subject to the requirements of the Listing Rules.



## All Correspondence to:

- ✉ **By Mail:** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (AEDT) on Sunday 19 November 2017.**

### TO VOTE ONLINE

- STEP 1: VISIT** [www.votingonline.com.au/sciagm2017](http://www.votingonline.com.au/sciagm2017)
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

### BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (AEDT) on Sunday 19 November 2017.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- |                    |  |
|--------------------|--|
| 💻 <b>Online</b>    | <a href="http://www.votingonline.com.au/sciagm2017">www.votingonline.com.au/sciagm2017</a> |
| 📠 <b>By Fax</b>    | +61 2 9290 9655  |
| ✉ <b>By Mail</b>   | Boardroom Pty Limited<br>GPO Box 3993,<br>Sydney NSW 2001 Australia                        |
| 👤 <b>In Person</b> | Boardroom Pty Limited<br>Level 12, 225 George Street,<br>Sydney NSW 2000 Australia         |

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.



# Silver City Minerals Limited

ACN 130 933 309

## Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of **Silver City Minerals Limited** and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of **Silver City Minerals Limited** to be held at **Level 1, 80 Chandos Street, St Leonards NSW 2065 on Tuesday 21 November 2017 at 10:00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 and 7, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 and 7 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 and 7). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

	For	Against	Abstain*
<b>Resolution 1</b> Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Re-Election of Ian Plimer as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Re-Election of Gregory Jones as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b> Election of Josh Puckridge as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b> Approval of Prior Placement of Shares on 28 July 2017	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 6</b> Approval of Issue of Unlisted Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 7</b> Authorisation of Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 8</b> Issue of Shares up to an Additional 10% of the Company's Issued Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2017