

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

| |
|-------------------------------------|
| Silver City Minerals Limited |
|-------------------------------------|

ABN

68 130 933 309

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows**Cash flows related to operating activities**

| | Current quarter 31 December 2014 \$A'000 | Year to date (6 months) 31 December 2014 \$A'000 |
|---|--|---|
| 1.1 Receipts from product sales and related debtors | 0 | 0 |
| 1.2 Payments for (a) exploration and evaluation | (408) | (723) |
| (b) development | 0 | 0 |
| (c) production | 0 | 0 |
| (d) administration | (131) | (356) |
| 1.3 Dividends received | 0 | 0 |
| 1.4 Interest and other items of a similar nature received | 10 | 53 |
| 1.5 Interest and other costs of finance paid | 0 | 0 |
| 1.6 Income taxes paid/received on R&D tax offset | 0 | 0 |
| 1.7 Other - tenement security deposits paid | 0 | 0 |
| - tenement security deposit refunds | 10 | 10 |
| - joint venture income | 10 | 10 |
| Net Operating Cash Flows | (509) | (1,006) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) prospects | 0 | 0 |
| (b) equity investments | 0 | 0 |
| (c) other fixed assets | 0 | (20) |
| 1.9 Proceeds from sale of: (a) prospects | 0 | 0 |
| (b) equity investments | 0 | 0 |
| (c) other fixed assets | 0 | 0 |
| 1.10 Loans to other entities | 0 | 0 |
| 1.11 Loans repaid by other entities | 0 | 0 |
| 1.12 Other (provide details if material) | 0 | 0 |
| Net investing cash flows | 0 | (20) |
| 1.13 Total operating and investing cash flows (carried forward) | (509) | (1,026) |

| | Current quarter \$A'000 | Year to date \$A'000 |
|---|----------------------------|-------------------------|
| 1.13 Total operating and investing cash flows (brought forward) | (509) | (1,026) |
| Cash flows related to financing activities | | |
| 1.14 Proceeds from issues of shares, options, etc | 0 | 0 |
| 1.15 Proceeds from sale of forfeited shares | 0 | 0 |
| 1.16 Proceeds from borrowings | 0 | 0 |
| 1.17 Repayment of borrowings | 0 | 0 |
| 1.18 Dividends paid | 0 | 0 |
| 1.19 Other - Share issue costs | 0 | 0 |
| Net financing cash flows | 0 | 0 |
| Net increase (decrease) in cash held | (509) | (1,026) |
| 1.20 Cash at beginning of quarter/year to date | 3,271 | 3,788 |
| 1.21 Exchange rate adjustments to item 1.20 | 0 | 0 |
| 1.22 Cash at end of quarter | 2,762 | 2,762 |

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

| | Current quarter \$A'000 |
|---|----------------------------|
| 1.23 Aggregate amount of payments to the parties included in item 1.2 | 128 |
| 1.24 Aggregate amount of loans to the parties included in item 1.10 | Nil |

1.25 Explanation necessary for an understanding of the transactions

Salaries and consultancy fees at normal commercial rates

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Expenditure by joint venture partners on exploration tenements in which Silver City has an interest amounted to \$26,241

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | Nil | Nil |
| 3.2 Credit standby arrangements | Nil | Nil |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 319 |
| 4.2 Development | 0 |
| 4.3 Production | 0 |
| 4.4 Administration | 132 |
| Total | 451 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 413 | 114 |
| 5.2 Deposits at call | 48 | 48 |
| 5.3 Bank overdraft | 0 | 0 |
| 5.4 Other - bills receivable, bank accepted and short term bank deposits | 2,301 | 3,109 |
| Total: cash at end of quarter (item 1.22) | 2,762 | 3,271 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|--------------------|----------------------------------|--|----------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | Salopia EPM 25704 | EPM application withdrawn | 100% | 0% |
| | Coombarra EL 8255 | joint venture | 100% | 75% |
| 6.2 Interests in mining tenements acquired or increased | Enmore EL 8333 | EL granted | 0% | 100% |
| | | | | |

6.3 The full Silver City schedule of tenements is included as an attachment to this report.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total Number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|---|--------------|---------------|---|--|
| 7.1 Preference securities | Nil | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | Nil | | | |
| 7.3 Ordinary securities - fully paid SCI | 116,300,601 | 116,300,601 | | |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through return of capital, buy-backs (c) Release of securities from escrow | Nil | - | | |
| 7.5 Convertible debt securities | Nil | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | Nil | | | |
| 7.7 Options | | | <i>Exercise price</i> | <i>Expiry date</i> |
| SCI 25 cents | 3,000,000 | - | \$0.25 | 7 Mar 2015 |
| SCI 15 cents | 1,000,000 | - | \$0.15 | 23 Aug 2015 |
| SCI 8 cents | 1,000,000 | - | \$0.08 | 27 Sep 2016 |
| SCI 10 cents | 1,500,000 | - | \$0.10 | 12 Aug 2017 |
| SCI 10 cents | 7,000,000 | - | \$0.10 | 2 Dec 2017 |
| 7.8 Issued during quarter | 7,000,000 | - | \$0.10 | 2 Dec 2017 |
| 7.9 Exercised during quarter | Nil | - | | |
| 7.10 Expired during quarter | 29,167,263 | 29,167,263 | \$0.25 | 19 Dec 2014 |
| 7.11 Debentures (totals only) | Nil | | | |
| 7.12 Unsecured notes (totals only) | Nil | | | |

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 29 January 2015

(Director / ~~Company Secretary~~)

Print name:

Chris Torrey

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenements, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

| Tenement | Tenement No. | SCI Interest | Joint Venture Details |
|------------------------|--------------|--------------|---|
| NEW SOUTH WALES | | | |
| Acacia | EL 8235 | 100% | |
| Aragon | EL 7300 | 85% | CBH 15% |
| Coombarra | EL 8255 | 75% | CBH 25% |
| Durin | EL 8180 | 100% | |
| Enmore | EL 8333 | 100% | |
| Golbin | EL 7749 | 100% | |
| Lewis | EL 8179 | 100% | |
| Lynor | EL 8076 | 75% | CBH 25% |
| Native Dog | EL 8236 | 75% | CBH 25%, note 1 |
| Razorback | EL 8077 | 100% | Note 4 |
| Riddock | EL 8020 | 100% | |
| Rildar | EL 8074 | 75% | CBH 25% |
| Willyama | EL 8075 | 75% | CBH 25%, Notes 1 and 2 |
| Yalcowinna | EL 8078 | 100% | Eaglehawk 8% in area of EL 7319, Notes 1 and 3 |
| Yellowstone | EL 7390 | 0% | Golden Cross Operations Limited 100%, SCI earning 80% |

NEW ZEALAND

| | | | |
|-----------|-----------|------|--|
| Taupo One | MEP 56212 | 100% | |
| Taupo Two | MPP 56147 | 100% | |

EL = Exploration Licence (NSW)

ELA = Exploration Licence Application

PEM = Minerals Exploration Permit (NZ)

MPP = Mineral Prospecting Permit (NZ)

Note 1 These tenements are subject to agreements with Variscan Mines Limited and Eaglehawk Geological Consulting Pty Ltd whereby Variscan and Eaglehawk hold an NSR (Net Smelter Return) interest in parts of these tenements.

The following ELs were consolidated in order to better manage a number of smaller contiguous licences.

Note 2 Willyama EL 8075 consolidated the following six ELs:

EL 5646 (Mt Robe), EL 5764 (Yanco Glen), EL 6002 (Eldee Creek), EL 6132 (Stephens-Centennial), EL 6147 (Big Aller), EL 6475 (Apollyon Valley).

Note 3 Yalcowinna EL 8078 consolidated the following two ELs:

EL 7814 (Bitterkeep) and EL 7319 (Euriowie). Eaglehawk has an 8% interest in the 78 units of this application that are currently EL 7319.

Note 4 Razorback EL 8077 consolidated the following three ELs:

EL 7203 (Iron Bar), EL 7813 (Windy Hill) and EL 7902 (Donart).