



SHAREHOLDER UPDATE

8 November 2010

QUARTERLY REPORT – November 2010

HIGHLIGHTS

- Silver City (SCI) has earned a 30% interest in seven exploration licences as part of its farm-in and joint venture agreement with CBH Resources. Upon forming the Joint Venture SCI notified CBH of SCI's intention to continue to earn up to 65% with respect to each licence.
- SCI has entered into a farm-in and joint venture agreement with Golden Cross Resources Limited with respect to EL 7390. This tenement gives SCI access to prospective exploration ground adjacent to its Iron Bar tenement and hosts base-metal and gold-copper prospects at Iron Blow and Yellowstone. The agreement covers base metals, silver and gold deposits but excludes rights to platinum group elements and nickel sulphide deposits.
- Rock chip sample results received during the quarter show occurrences of undrilled anomalous "lode rocks" (1-5% combined lead plus zinc) extending both north and south of known mineralisation at the Allendale prospect within the Yanco Glen licence.

SCI CORPORATE

- Christopher Torrey, who joined the Company as CEO in April this year, was appointed to the role of Managing Director on 23 August 2010.
- Total expenditure for the quarter was \$256,000, comprising \$178,000 on projects and \$78,000 on administration including fundraising activities. Cash in the bank at September 20, 2010 was \$1.028 million.

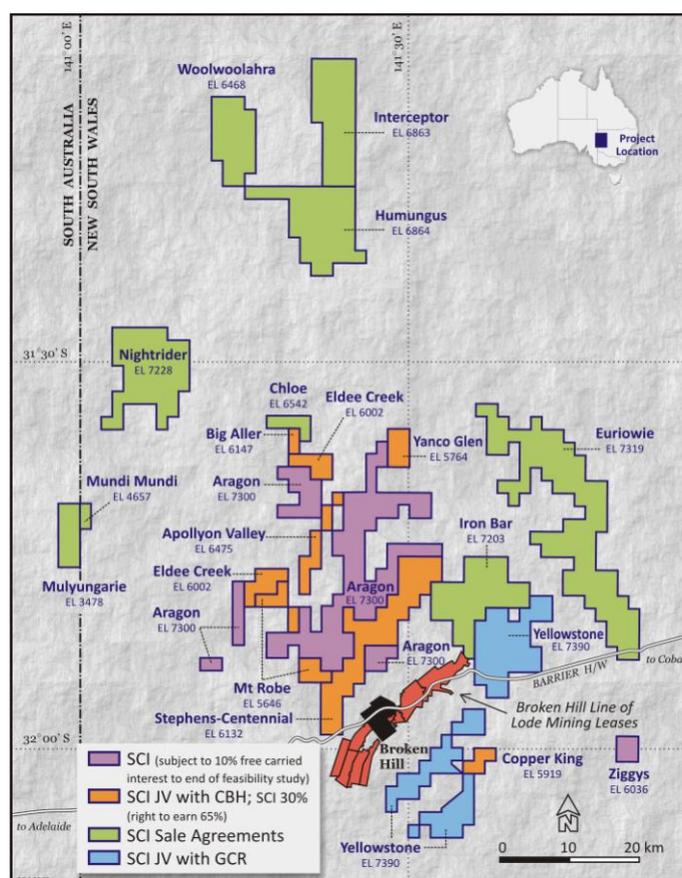


Figure 1 – Silver City Minerals Tenements

SCI OPERATIONS

Yanco Glen (EL 5764)

This project encompasses an area of approximately 13 square kilometres centred on the Yanco Glen exploration licence. A number of old mines and prospecting pits occur within the area. These include prospects such as Allendale Mines, Sinclair's, Steakhouse, Easter Gift and Waukaroo. The most important historic mine in the area; Allendale, recorded a production tonnage of 22,380 tons of ore with grades varying from 6 to 10% lead, 47 to 260 g/t silver and up to 13.3% Zn.

As reported in the previous quarter SCI has completed detailed 1:1000 scale mapping centred on the BHT-style Allendale Mines and has located at least 6.1 kilometres of outcropping, often tightly folded, lode rocks (Figure 2). This compares favourably with less than 1 kilometre of lode rock mapped at 1:25,000 scale by the NSW Geological Survey and is testimony to the importance of detailed structural and stratigraphic mapping.

Following the detailed mapping, a second phase of more detailed rock chip sampling was undertaken and all rock chip historic soil and portable XRF geochemistry was compiled. The data shows a regionally extensive lead-zinc geochemical anomaly coincident with mapped lode rocks, which extends from the Steakhouse Prospect in the south almost to the northern boundary of the tenement, a distance of some 3.5 kilometres. Less well defined anomalies extend from Easter Gift northward (1.5 kilometres) and occur over the Waukaroo workings (1.0 kilometre). Within the principal anomalies 279 rock chip samples have been collected (both SCI and historic exploration). Of these, 23% (65 samples) contain between 1 and 5% combined lead-zinc and 5% (14 samples) contain greater than 5% combined lead-zinc. Similarly, almost 20% of the samples host greater than 1 ounce per tonne (31g/t) silver and 5% host greater than 3 ounces per tonne (93 g/t) silver. The highest silver value recorded to date is 330g/t (about 10.6 ounces per tonne).

The highest grade rock chip samples cluster around the known and best outcropping lode zones at the old Allendale Mine, Sinclairs, Easter Gift, Steakhouse and Waukaroo. These clusters in themselves represent some 2.5 to 3.0 kilometres of strike of lode rocks which, in the Allendale zone, have only been drill tested over a strike distance of about 300 metres. The Sinclair zone is over 900 metres long and has been tested by two drill holes.

The entire lode rock corridor has been poorly tested by drilling and SCI has designed over 30 RC holes to test these zones when funding becomes available.

Comment

The Yanco Glen-Allendale example serves to illustrate the remarkable paucity of exploration drilling in belts of rock which are not only highly anomalous and prospective for Broken Hill type mineralisation, but also outcropping. This is a feature SCI has found to exist within its tenement package in a number locations.

There are many historic reasons for this but perhaps the most important is the scale at which the rocks have been explored. Historically the district has been the domain of large companies who sought to find another Broken Hill-size deposit. As a consequence the detailed structural and stratigraphic controls of mineralisation, within lode horizons, were not well mapped or understood. In the last 20 years however, mapping of the Broken Hill ore bodies shows them to be highly complex, folded, faulted bodies where significant tonnages (2 to 5 million tonnes for example) of high grade ore can be hosted in very small volumes of rock. In order to explore for these SCI needs to map, sample and drill the rock sequences in more detail than has been done in the past.

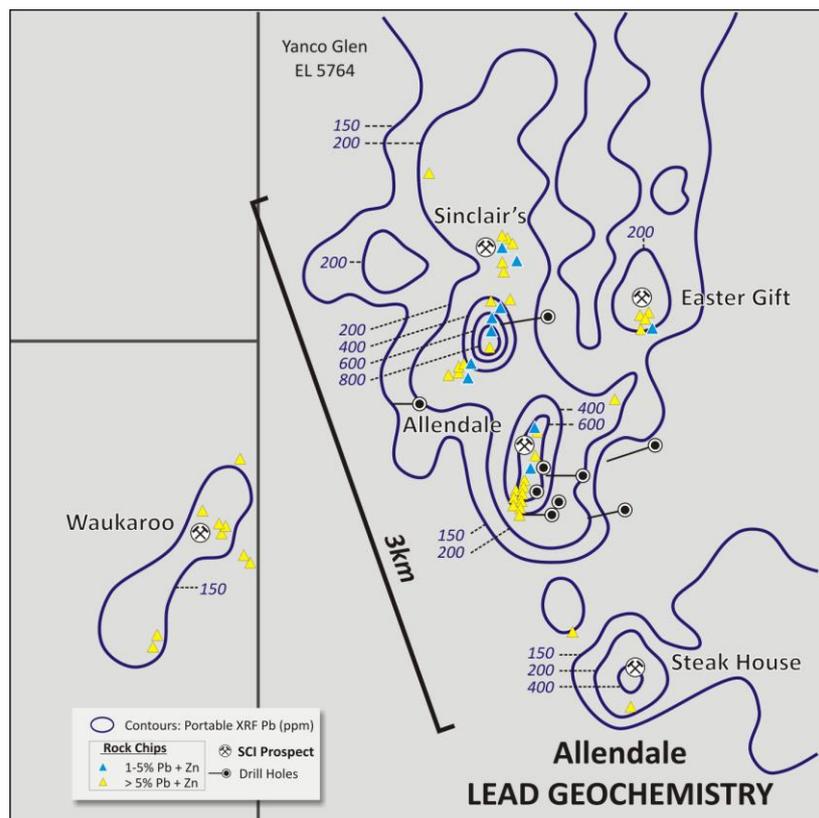


Figure 2 – Allendale Project XRF Soil Lead Geochemistry (contours) and Lead-Zinc in rock chip samples (yellow or blue triangles)

Euriowie (EL 7319)

Golden King

As indicated in the last quarter SCI signed an Option Agreement with respect to three Mineral Claims (MC's) over the historic Golden King mine located within the western part of the Euriowie tenement (EL 7319). The Mineral Claims cover approximately 300 metres of the outcropping lode rocks at Golden King with the remaining 500 metres falling within the SCI Euriowie exploration licence. Detailed geological mapping has been completed over the entire zone. This work shows that the elongate mineralised structure comprises several sub-parallel zones of lode rock, offering multiple targets within a corridor some 20 to 50 metres wide and over 800 metres long. Approximately 6 RC holes are planned for a first pass evaluation.

Iron Bar (EL 7203)

Razorback West Prospect

To date SCI work has shown that there is a large lead and zinc geochemical anomaly some 4.7 kilometres long and 200 to 400 metres wide coincident with similarly large gravity and magnetic geophysical anomalies located at the Razorback West prospect. The geological significance of this has not been explained as there is little outcrop in the area, with the most intense parts of the geochemical anomaly lying beneath 5 to 30 metres of alluvial or deep soil cover. This large anomaly lies approximately 10 kilometres to the northwest of the Potosi Deposit on the northern end of the Broken Hill Line of Lode and might represent the northern, faulted extension of the famous Lode corridor (Figure 3). An extensive RAB and RC drilling program has been scheduled for this area by SCI.

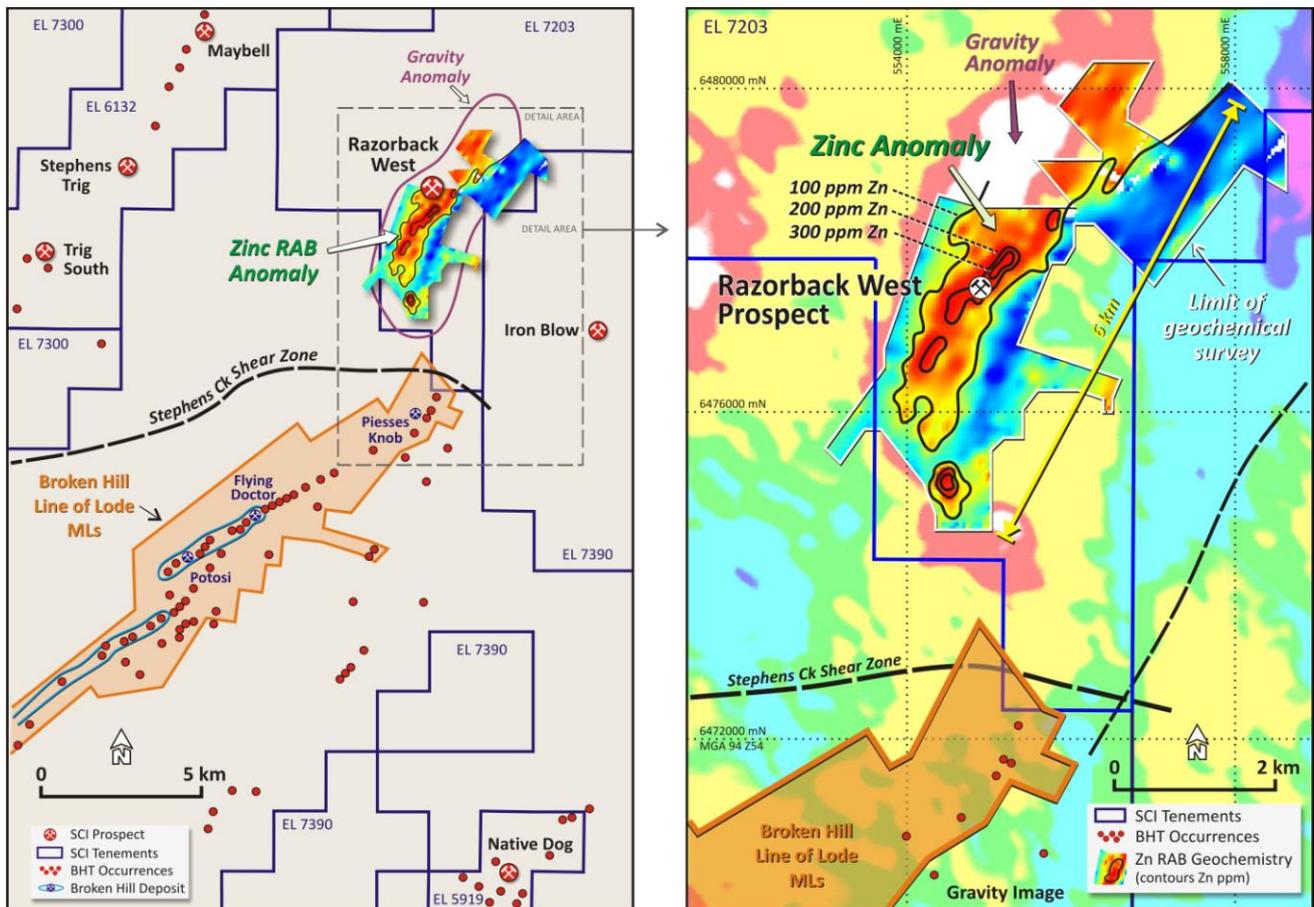


Figure 3 – Razorback West geochemical anomaly located with respect to Broken Hill Deposits

Stephens-Centennial (EL 6132)

Stephens Trig Prospect

This project has recently been reviewed in some detail by SCI. This work shows that Stephens Trig lies on the northern end of a well defined and strong lead-zinc RAB (Rotary Air-Blast) anomaly which extends southwards to the Trig South prospect, a distance of 4.5 kilometres. Both prospects are hosted in the upper, prospective units of the Broken Hill Group rocks.

The focus of historic work has been within the strongest part of the RAB anomaly at Stephens Trig which is 1 kilometre long and 50 to 100 metres wide. Previous drilling programs have recorded high grade, near surface intersections including 2 metres at 12% Zn, 4.27% Pb and 62 g/t Ag in hole SG001 and 6 metres at 9.5% Zn, 0.7% Pb and 14 g/t Ag in hole SGC-1. The SCI assessment suggests that there is potential to outline a well mineralised base metal zone with further, more detailed drilling. The work has shown that there are several lode horizons between 0.2 and 3.0 metres in true thickness; one in particular persists for over 300 metres. These dip steeply to the northwest and drilling suggests a gentle plunge to the southwest. SCI intends to continue the drill assessment of this project as soon as possible (Figure 4).

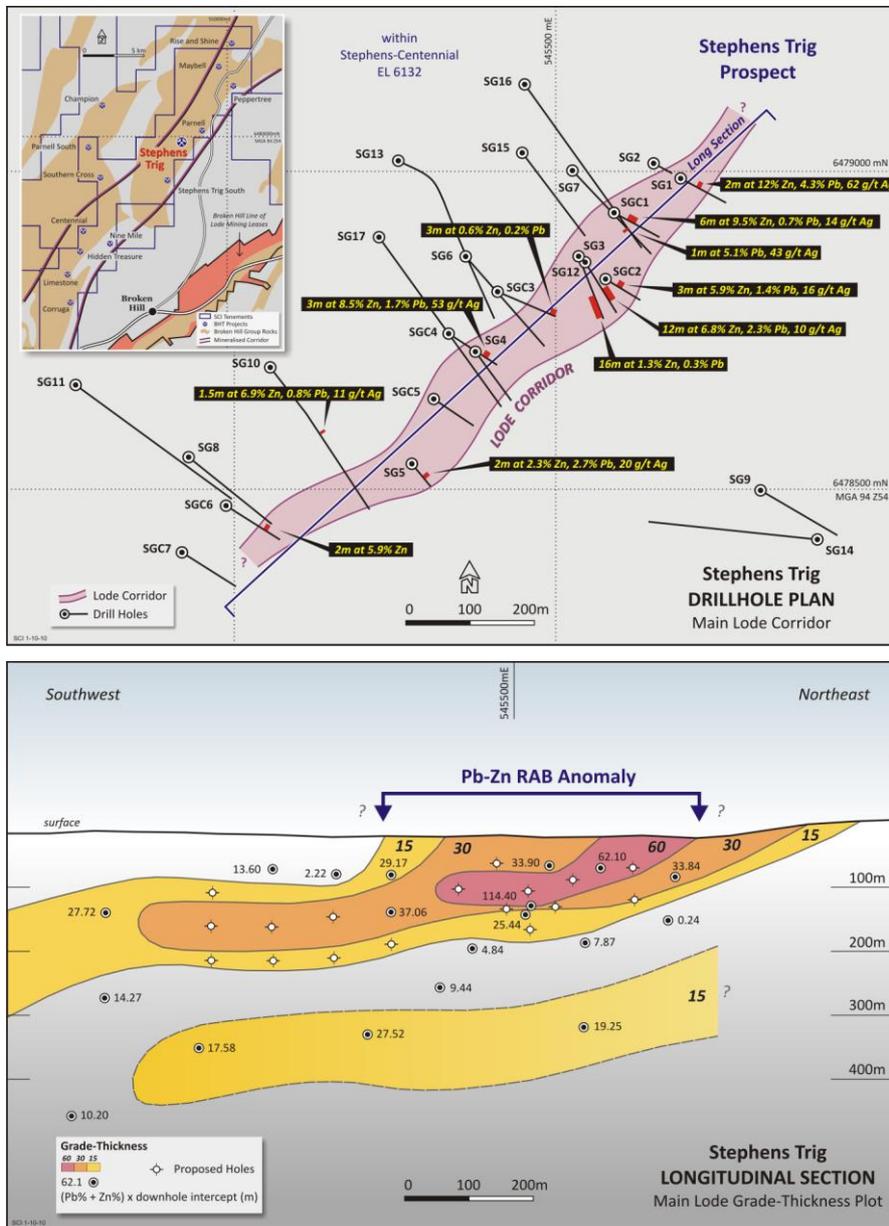


Figure 4 – Stephens Trig Plan and Longitudinal section

Apollyon Valley (EL 6475)

Reconnaissance geological mapping and rock chip sampling has been undertaken during the quarter. Of particular interest is the valley itself which is the surface expression of a deep crustal fault structure recognised on a seismic transect. The valley hosts numerous historic silver workings and is recognised as a 23 kilometre long, elongate geochemical anomaly in regional portable XRF geochemical surveys. The silver workings were characteristically small and high grade in the near-surface weathered zone hosting chlorargyrite (silver chloride mineral) and, at depth, siderite-galena veins. SCI believes there is potential for discovery of a cluster of near-surface veins or vein stockwork which might host a deposit in the range of 3 to 5 million tonnes, at grades of between 100 and 300g/t for a target open pit resource hosting in the order of 20 to 30 million ounces of silver. Exploration will entail detailed geological mapping and geochemical sampling using both XRF and standard rock chip geochemistry.

Golden Cross Farm-In and Joint Venture Agreement (EL 7390 Yellowstone)

SCI has entered into an agreement with ASX-listed Golden Cross Resources Limited (GCR) with respect to the rights to explore for gold, silver and base-metals on Exploration Licence 7390 (Figure 1). Under the agreement SCI must spend \$50,000 on exploration in the first year before it can withdraw. It has the option to spend \$600,000 over five years to earn 51% and a further \$400,000 over an additional two years to earn a total of 80% equity. The agreement specifically excludes rights to platinum group metals and nickel sulphide deposits.

The licence abuts and lies immediately east of EL 7203 (Iron Bar) and hosts a number of important ironstone prospects, notably Razorback Ridge, Copper Blow and Yellowstone. Yellowstone, in particular, is thought to host IOCG-style copper-gold mineralisation. Previous systematic rock chip sampling has returned anomalous samples over a strike length of 150 metres. Approximately 20 samples of the ironstone were collected within this 150 metres strike and 7 samples returned values over 4 metre sample widths of greater than 0.5 g/t Au, with two samples returning 4 metres at 16.1 g/t Au and 4 metres at 16.5 g/t Au. Very shallow (55 to 79 metres) RC drilling of the area returned similarly anomalous intersections in ironstone in the order of 5 to 7 metres (downhole) of 0.2 to 1 g/t Au. One hole YRC-07 returning 1 metre at 8.6 g/t Au and another, YRC-05 returned 11 metres at 1.13% copper.

To date intersections are no deeper than 50 metres below surface and all lie within oxidised rock. SCI considers that this prospect warrants further drill assessment with the view to discovery of a copper-gold resource.

CBH Joint Venture

On 27th August SCI informed CBH Resources that it (SCI) had earned a 30% interest in a group of seven tenements which are subject to a Farm-in and Joint Venture Agreement with Broken Hill Operations Pty Ltd, a subsidiary of CBH.

SILVER CITY MINERALS LIMITED



Christopher Torrey
Managing Director

The information in this report that relates to Exploration Results is based on information compiled by Christopher Torrey, who is a member of the Australian Institute of Geoscientists, is a full-time employee of CTEX Pty Ltd and the Managing Director and CEO of Silver City Minerals Limited, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Christopher consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

ABOUT Silver City Minerals Limited

Silver City Minerals Limited (SCI) is a base and precious metal explorer focused on the Broken Hill District of western New South Wales, Australia. It takes its name from the famous Silver City of Broken Hill, home of one of the world's largest natural accumulations of silver, lead and zinc; the Broken Hill Deposit. SCI was established in May 2008 to explore specifically in the District where it controls Exploration Licences and Mineral Claims through various Sale and Joint Venture agreements. It has a portfolio of highly prospective ground with drill-ready targets focused on high grade gold, silver and base-metals, and a pipeline of prospects moving toward the drill assessment stage.

CONTACT DETAILS

Management and Directors

Bob Besley	Chairman
Chris Torrey	Managing Director
Greg Jones	Non-Executive Director
Robert J Waring	Non-Executive Director
Justin Clyne	Company Secretary

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