

SILVER CITY MINERALS LIMITED

Quarterly Report

September 2012

ASX Code: SCI

Issued Shares: 98M
Listed Options: 29.2M
Unlisted Options: 18.3M
Cash Balance: \$6.2M
ABN: 68 130 933 309

DIRECTORS

Bob Besley
Chris Torrey
Ian Plimer
Greg Jones
Ian Hume

TOP SHAREHOLDERS

(At 4 October 2012)

Sentient Group	17.45%
PlatSearch NL	14.58%
Fitel Nominees	6.65%
Top 20 Shareholders hold	69.92%

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HIGHLIGHTS

Silver City Minerals Limited (ASX:SCI) is pleased to announce its quarterly activity report for the period ended September 30, 2012. During the quarter Silver City completed a major drilling campaign at Broken Hill with final results for Allendale, Umberumberka, Ziggys and Stephens Trig received.

Allendale

- 6 metres at 2.4% zinc, 2.6% lead and 23 g/t silver in hole 12AN030.
- 10 metres at 3.4% lead, 6.2% zinc and 26 g/t silver in hole 12AN035.
- 6 metres at 0.7% lead, 2.7% zinc and 14 g/t silver from hole 12AN039.
- 1.5 metres at 1.8% lead, 2.1% zinc and 11 g/t silver from hole 12AN044.

The prevalence of sulphide intersections close to surface warrants further studies including drilling to assess open-pit mining potential.

Outlook

- Exploration activity to commence in current quarter to define targets for drilling in Q1 2013 including RAB drilling.
- Step-out drilling program planned for Allendale prospect.

OPERATIONS

A significant program of drilling was completed on a number of projects towards the end of the last Quarter bringing the total drilling for FY 2011-2012 to approximately 16,000 metres in nine projects (Fig 1). Results were received for all outstanding holes during this Quarter.

Yanco Glen (EL 5764)

Allendale

Results for the 2012 program of drilling were released to the ASX (20 September 2012) increasing SCI's understanding of the geological context which suggests that mineralisation is hosted in up to five sub-parallel, east dipping lode horizons which have estimated true thicknesses between 1 and 10 metres with two main lode horizons; the Western and Eastern (Figures 2 and 3). Drill hole 12AN035 remains the outstanding result of this program as it has intersected sulphides in a zone which has not been encountered in earlier drilling. It returned an intersection of **10 metres at 3.4% lead, 6.2% zinc and 26 g/t silver from 73 metres**. It has an estimated true thickness of 7 to 8 metres and is referred to as the Eastern Zone. Another hole; 12AN039 was drilled to intersect the projected extension of the sulphides in 12AN035. This hole also encountered mineralisation some 30 metres down-dip and returned **6 metres of 14 g/t silver, 0.7% lead and 2.7% zinc from 102 metres** (Table1).

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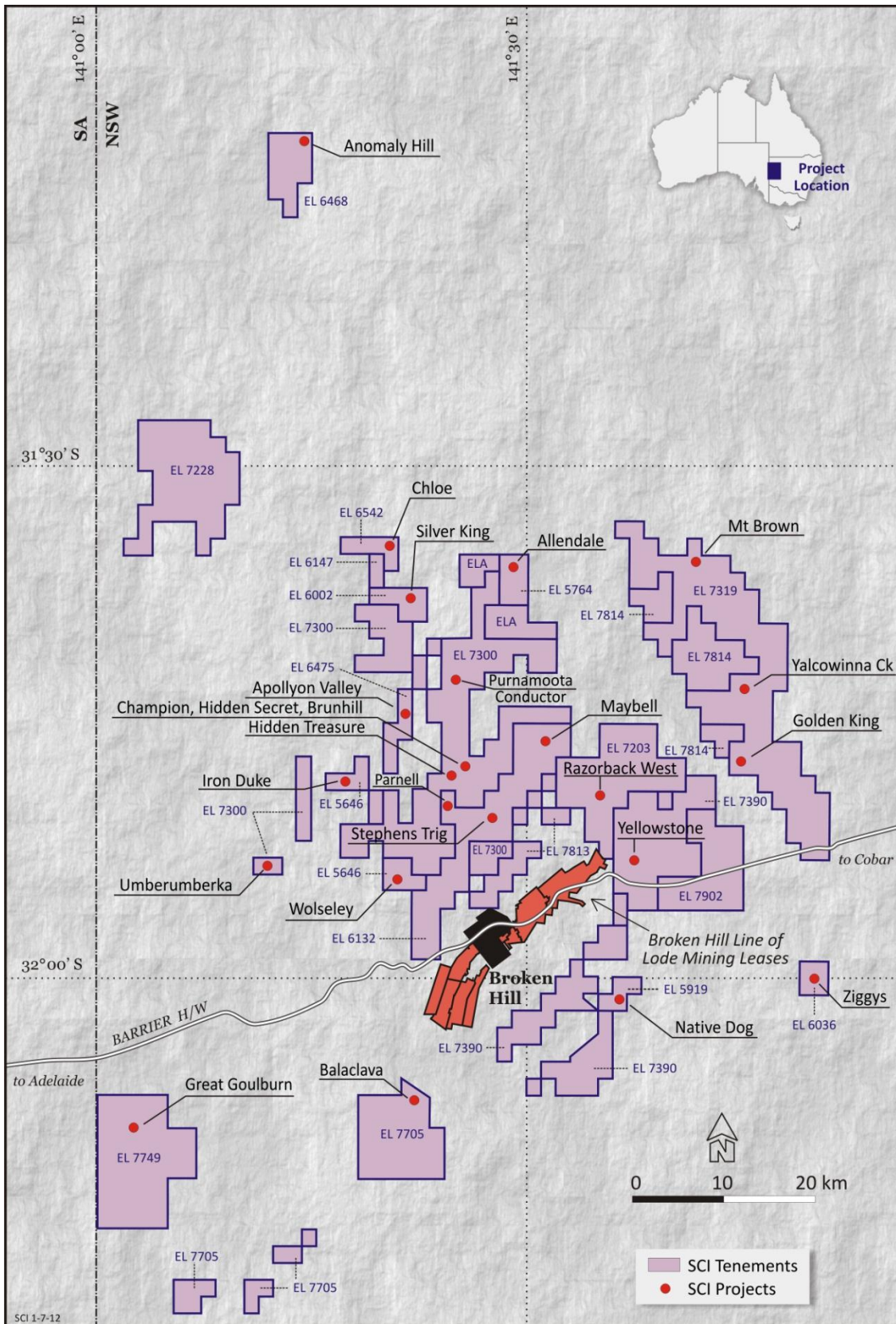


Figure 1. Silver City tenements and projects.

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Table 1 Significant Drilling Results Allendale (1% zinc cutoff)

Hole Number	GDA94 East (m)	GDA94 North (m)	Azimuth (degrees)	Declination (degrees)	Total Depth (m)	From (m)	Interval (m)	Silver (g/t)	Lead (%)	Zinc (%)
12AN030	545790	6503079	300	-60	139	93	6	23	2.6	2.4
12AN031	545758	6502981	270	-60	181	36	12	4	0.6	1.4
Including						42	3	12	2.1	2.5
And						90	3	5	0.3	1.5
12AN032	545757	6502984	255	-76	168	81	3	9	1.1	0.9
12AN033	545746	6502888	270	-60	127	39	3	10	0.5	4.1
12AN034	545817	6502980	270	-65	240.8	109.13	0.35	2	0	1.3
And						166.35	0.25	20	0.4	3.4
12AN035	545796	6502932	270	-55	151	73	10	26	3.4	6.2
Including						79	3	67	8.9	11.4
Including						86	1	4	0.5	1.1
And						91	1	4	0.4	1.1
12AN037	545836	6502780	270	-60	115	102	6	8	0.2	2.2
12AN039	545799	6502928	270	-70	151	21	3	0.4	0.0	1.7
And						102	6	14	0.7	2.7
12AN041	545765	6503223	270	-60	103	18	6	0	0.0	4.1
12AN042	545704	6503013	360	-90	55	39	3	3	0.2	1.8
12AN043	545706	6503039	360	-90	55	33	3	26	1.8	1.7
12AN044	545760	6503022	300	-60	120.5	25	0.5	0	0	1.04
And						88.5	1.5	11	1.8	2.1
Including						89	0.45	18	2.6	3.6
And						93	1	8	1.3	1.0

Notes: Holes 12AN030 to 12AN033 were previously reported with results based on 3 metres composite samples. Hole 12AN035 was previously reported with results based on 1 metre samples. Results for all additional holes reported here are based 3 metre composite samples for RC holes or geological intervals for diamond holes.

Allendale remains a high priority project for SCI. To date most significant drill intersections at Allendale lie within 100 metres of the surface. The sulphide mineralisation is located within a corridor approximately 75 metres wide and 450 long and five sub-parallel, east-dipping lode horizons have been identified. The Western Lode is the most persistent and is open to the north and down-plunge. The size of the mineralised corridor and the proximity of massive sulphide to the surface suggest investigation for potential open-pit resources is warranted. The Company is planning a third round of step-out drilling to assess the potential for structural thickening of sulphide mineralisation in fold hinge zones.

This project is part of the "CBH" Farm-in and Joint Venture Agreement. SCI currently owns 30% of the project and can earn up to 75% by spending approximately \$1 million on this and seven other Exploration Licences within the next year. CBH Resources Limited has recently opened the Rasp Mine and Mill at Broken Hill. Once SCI earns the remaining interest in the project; CBH will be a joint venture partner and will have off-take rights to the lead-zinc concentrates. The project lies within 50 kilometres of Broken Hill and potential exists to truck high grade ore into a central mill.

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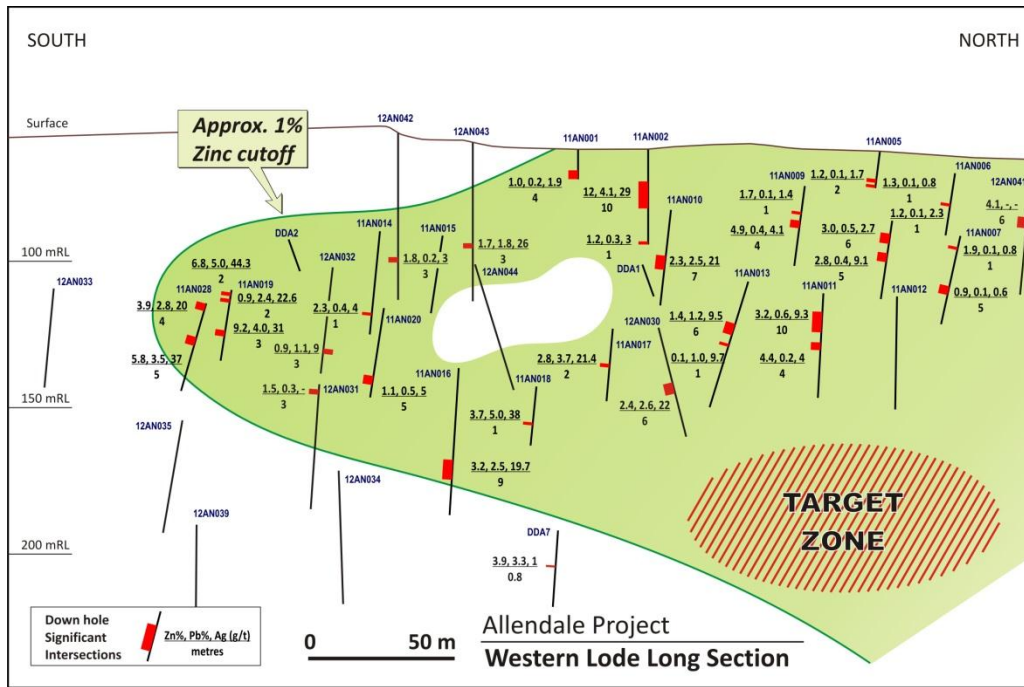


Figure 2. Allendale longitudinal section Western Lode.

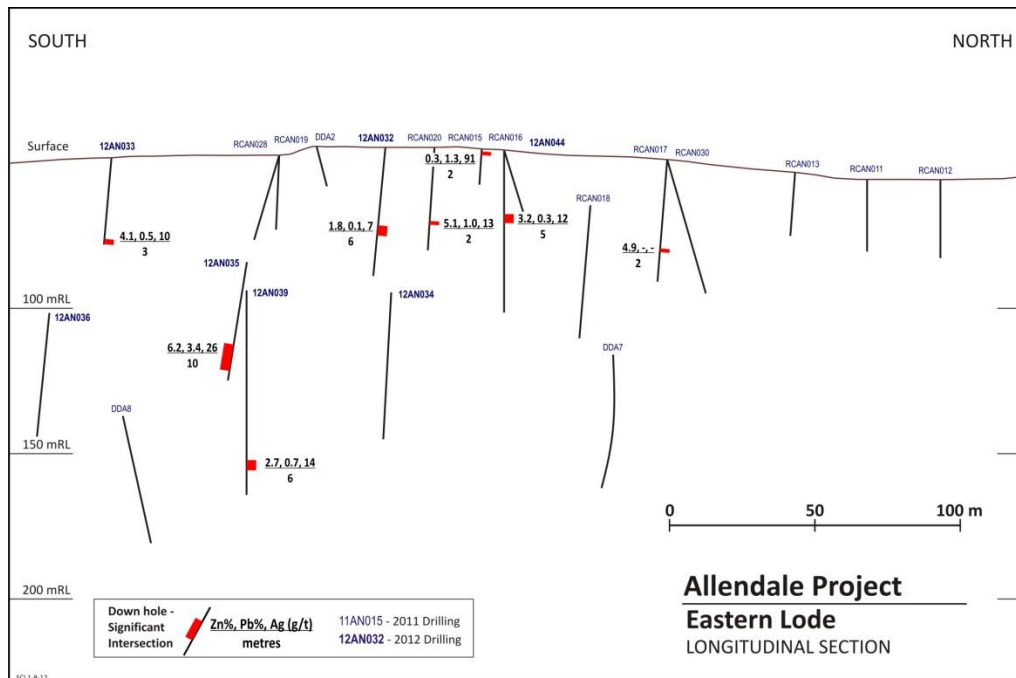


Figure 3. Allendale longitudinal section Eastern Lode.

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Aragon (EL 7300)

Umberumberka

This tenement hosts the historic Umberumberka silver mine. Geological survey records indicate that historic production was in the order of 39,000 tonnes at grade of approximately 10% lead and 800 g/t silver. The Main Umberumberka Lode has been interpreted to extend for 1.5 kilometres in strike. The Company has completed six exploratory reverse circulation holes in and around the historic mine to test continuity of silver mineralisation. An intersection of **2 metres at 254 g/t silver and 6.3% lead** was previously reported in hole 12UM002. Hole 12UM006 was drilled late in the last Quarter and has returned **45 metres at 1.7 g/t silver from 135 metres, including 3 metres at 4 g/t silver from 177 metres** (ASX release 20 September 2012). A chlorite-pyrite-quartz-bearing structure was observed at 138 metres and is interpreted to be the host structure to the main lode.

Stephens Centennial (EL 6132)

Stephens Trig

In the first phase of RC drilling at Stephens Trig two holes failed to test target lode horizons due to excessive water inflows. Short diamond tails were drilled from the base of each of these to complete the test. Core drilling indicates that geological interpretations have been correct with lode zones occurring as predicted. The best result occurred in hole 11SGC013 with an intersection of **0.38 metres at 7 g/t silver, 1.2% lead and 4.3% zinc from 147.34 metres** (ASX release 20 September 2012).

Ziggys (EL 6036)

Ziggys

At Ziggys four RC holes were drilled to test part of a large RAB lead-zinc geochemical anomaly (6000 metres strike and 200 metres wide). No significant results were returned and as yet the anomaly remains to be explained.

Exploration Schedule

New Targets

The Company will commence an exploration program across a number of targets scheduled to start in October 2012. This program is designed to define new drill targets to be tested early in 2013. This work will include RAB drilling at the Yalcowinna Creek copper, the Yalcowinna West silver-lead-zinc project and the Parnell silver-lead-zinc project.

Follow-up Targets

Of the projects evaluated in 2012 the most encouraging results have come from Razorback West, Allendale, Native Dog and Mount Brown. The Company anticipates completing geophysical surveys at Razorback West and drilling at Allendale, Native Dog and Mount Brown early in 2013. At that time it also anticipates drill targets will be defined within new target areas (Table 2).

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Table 2. Future Work Summary Table

Project	Commodity	Future Work
Allendale*	Ag-Pb-Zn	Assessment of open pit potential; a third phase of drilling.
Razorback West*	Ag-Pb-Zn	Induced Polarisation survey followed by drilling.
Mount Brown*	Ag-Pb-Zn-Cu	RC drilling gossan zones, IP and geochemical targets.
Native Dog*	Ag-Pb-Zn	RC Drilling gossan zones, IP and geochemical targets.
Yalcowinna Creek#	Cu-Au	RAB drilling to follow-up untested geochemical anomalies.
Yalcowinna West#	Ag-Pb-Zn	RAB drilling to follow-up on untested geochemical anomalies.
Parnell#	Ag-Pb-Zn	RAB drilling to follow-up untested geochemical anomalies.

* Follow-up of existing targets

New target zones delineated by recent exploration work.

CORPORATE

Net operating expenditure for the Quarter was \$898k. This included \$708k on projects and \$198k on administration, offset by \$8k in interest income. Cash on hand at the end of the Quarter was approximately \$6.2 million.

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Christopher Torrey
Managing Director

The information in this report that relates to Exploration Results is based on information compiled by Christopher 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 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 accumulations of silver, lead and zinc; the Broken Hill Deposit. SCI was established in May 2008 to explore specifically in the District where it rights to Exploration Licences and Mineral Claims through 100% ownership and various Sale and Joint Venture agreements. It has a portfolio of highly prospective ground with drill-ready targets focused on high grade silver, gold and base-metals, and a pipeline of prospects moving toward the drill assessment stage.