

IPO set to target historical address

New South Wales-domiciled exploration house Silver City Minerals Ltd is putting the finishing touches on its initial public offering.

The new junior on the block is looking to issue 50 million shares at 20 cents each to raise somewhere in the order of \$10 million to help advance its substantial holdings in the historical Broken Hill district.

Silver City Minerals was set up back in May 2008 to explore specifically in the NSW region, where it holds around 1,700 square kilometres of real estate accumulated from sales and joint ventures.

This is one of the first ever significant consolidations of exploration tenure in the district by a junior explorer.

Broken Hill is Australia's premier silver producer and was originally known for its numerous, small (but very high grade) "Thackaringa type"-silver vein deposits.

In 1883, the much larger world class Broken Hill ore body was found, with the pre-mining size of this deposit estimated to have been in the order of 300 million tonnes at 20% combined lead and zinc with appreciable silver (100-500 grams/t).

Well endowed

The deposit originally contained 28 Mt of lead metal, 24 Mt of zinc metal, 1 billion ounces of silver and 1.2 million oz of gold. It has been mined continuously for an impressive 125 years, with the wealth generated by the project underpinning Australia's industrial and mining development as well as giving rise to the world's largest mining company (the publicly-listed BHP Billiton).

Over the course of the last 15 years comprehensive packages of high quality data – including geophysics, geology and geochemistry – have become available from both government and private sources, with much of this information being the product of new technologies.

Silver City Minerals managing director Chris Torrey said there was often a misconception that the NSW region had been over explored in the past by large scale mining companies looking for a repeat of the Broken Hill mine.

In actual fact, Torrey said, it was because of this large scale approach to field activities that previous companies had adopted which meant value could still be found in smaller veins and lodes of mineralisation previously undetected.

"The history of the district has been one of big companies, and they have always controlled the ground," he explained.

"In the past they have usually had a target size that is quite substantial – around 30-40 Mt – and the style of exploration they have conducted reflects that.



Another explorer is looking to make Broken Hill (above) its home away from home.

"Broad-spaced drilling was the norm, with little attention paid to detail.

"But the fact of the matter is that the ore bodies, when they come to surface, can actually have a very small footprint – maybe less than 50 metres long. Broken Hill is a high grade, 300 Mt ore body ... now if we got 1% (3 Mt) we would be pretty happy.

"And if we got 5 Mt, then even better, especially with the mineralisation being potentially close to the surface.

"If you were to take today's metal prices, the in ground value of the original Broken Hill ore body is worth \$170 billion, and 1% of that is still a lot of money."

New strategy

Torrey also made it clear the small scale approach Silver City Minerals would be looking to adopt in the region should hold the company in good stead over the coming years, especially with the recent appreciation in the silver price.

"There are a bunch of small silver veins that originally attracted miners to the

district in the 19th Century," he noted.

"These haven't been explored systematically ever, and the silver price was never anywhere near the mark that the big players needed it to be at in the past. We already have a drill hit in one of these which runs at 604 g/t over 4m.

"And if you look at the price of silver now, even compared to five years ago, these relatively narrow but high grade veins are quite attractive.

"What we are talking about is an intrinsically high value mineralisation that nobody has really explored for yet, with the potential for the discovery being very high.

"The value of the mineralisation out there is just phenomenal. If, for example, you got a drill intersection of Broken Hill-style material that is, say, 20% combined lead-zinc and maybe 300-500 g/t silver, it would be worth somewhere between \$600-\$1000/t in the ground at around the equivalent of 20-25 g/t gold.

"If you had a drill hole in Western Australia that went into 4m at 25 g/t or something around that, you would see holes plugged around it every 25-30m.

"Those sorts of intersections exist in our tenure at Broken Hill, but the next hole will be 100-200m."

Talented cast

Silver City Minerals boasts an impressive line-up of people on its board.

Torrey has had extensive exploration experience in Australia and Latin America with Cyprus Amax and Apex Silver. He is currently the chairman of Golden Cross Resources Ltd.

Meanwhile, chairman Bob Besley was the founder and managing director of CBH Resources Ltd, which had its roots in Broken Hill.

Also on the board is Professor Ian Plimer (who is probably the world's leading expert on the geology of the Broken Hill ore body) and PlatSearch NL managing director Greg Jones, who formally held senior roles with WMC and Sino Gold.

PlatSearch is a major shareholder of Silver City Minerals.

Sam Burns