



ASX ANNOUNCEMENT

18 July 2011

Drilling Commences at Allendale Base/Precious Metals Project, NSW

- **Silver City has commenced drilling at the Allendale Project immediately following successful listing on the ASX.**
- **Program in excess of 3000m of Reverse Circulation Drilling.**
- **Targeting high grade base-metals and silver mineralisation beneath the historic Allendale Mine.**
- **Initial drilling in planned 20,000m program for FY11/12.**

Silver City Minerals Limited (ASX: SCI) is pleased to announce that it has commenced a program of reverse circulation drilling at the Allendale Project located 40 kilometres north of Broken Hill (Figure 1), NSW. The drilling is part of a 10,000 metre program designed to test the first of six high priority targets over the next six months as outlined in the Company's prospectus from its recent successful IPO. The drilling has been designed to test beneath the historic Allendale Mine and build on the established area of mineralisation defined by previous exploration and mining activity.

Geological survey records indicate prior to 1990, this mine produced approximately 20,000 tonnes of massive sulphide rock with grades similar those at the Broken Hill deposit (in the order of 10 to 20% combined lead and zinc, and 50 to 100 g/t silver). The program will comprise approximately 34 holes for a total of approximately 3,200 metres.

The original mineralisation at Allendale was mined from four distinct lodes, each between 1.2 metres and 4.6 metres thick. These hosted coarse galena (lead sulphide), sphalerite (zinc sulphide) and minor chalcopyrite (copper sulphide). Five widely-spaced (100 to 150 metres apart) diamond drill holes were drilled between 1969 and 1990. Four of these encountered mineralisation in the Central Lode and returned downhole intersections of lead-zinc-silver mineralisation (Table1; Figure 2). These holes indicate a zone of potential sulphide mineralisation approximately 150 metres long and up to 200 metres deep open at depth and along strike. Silver City plans to test

the top 100 metres of this zone with more detailed drilling in order to establish continuity of the lode between existing holes and potential along strike.

This drilling program is the first of six which Silver City has planned for the district in the next six months and will be the first phase of a program of 20,000 metres anticipated over the coming year.

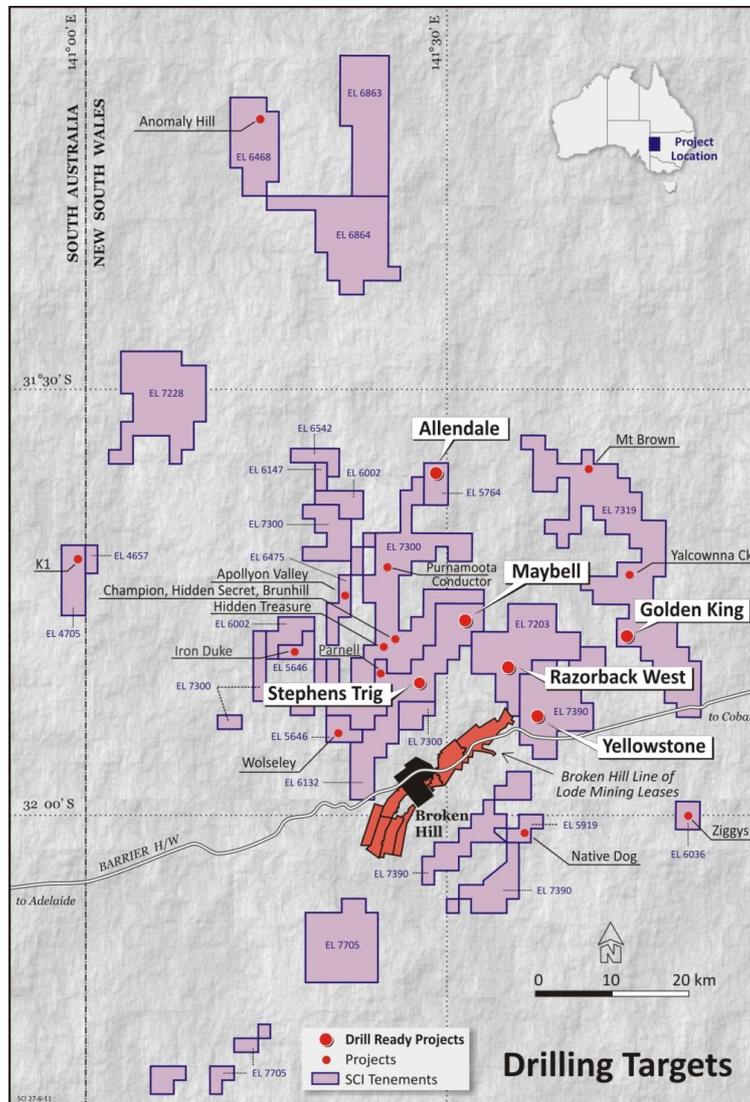


Figure 1. Silver City Minerals Limited Drilling Targets.

Hole No.	MGA East	MGA North	Azimuth (degrees)	Dip (degrees)	From (m)	Interval (m)	Lead (%)	Zinc (%)	Silver (g/t)
A1	545780	6503080	289	-48	67.5	2.7	8.00	4.70	55
A2	545745	6502960	289	-54	45.0	1.4	4.10	5.50	28
A5	546025	6502865	291	-58	244.0	0.9	11.60	2.37	64
A7	545852	6503049	275	-60	164.1	3.5	1.50	1.17	12

Table 1. Historic drillhole intersections hosting massive sulphides within the Central Lode, Allendale.

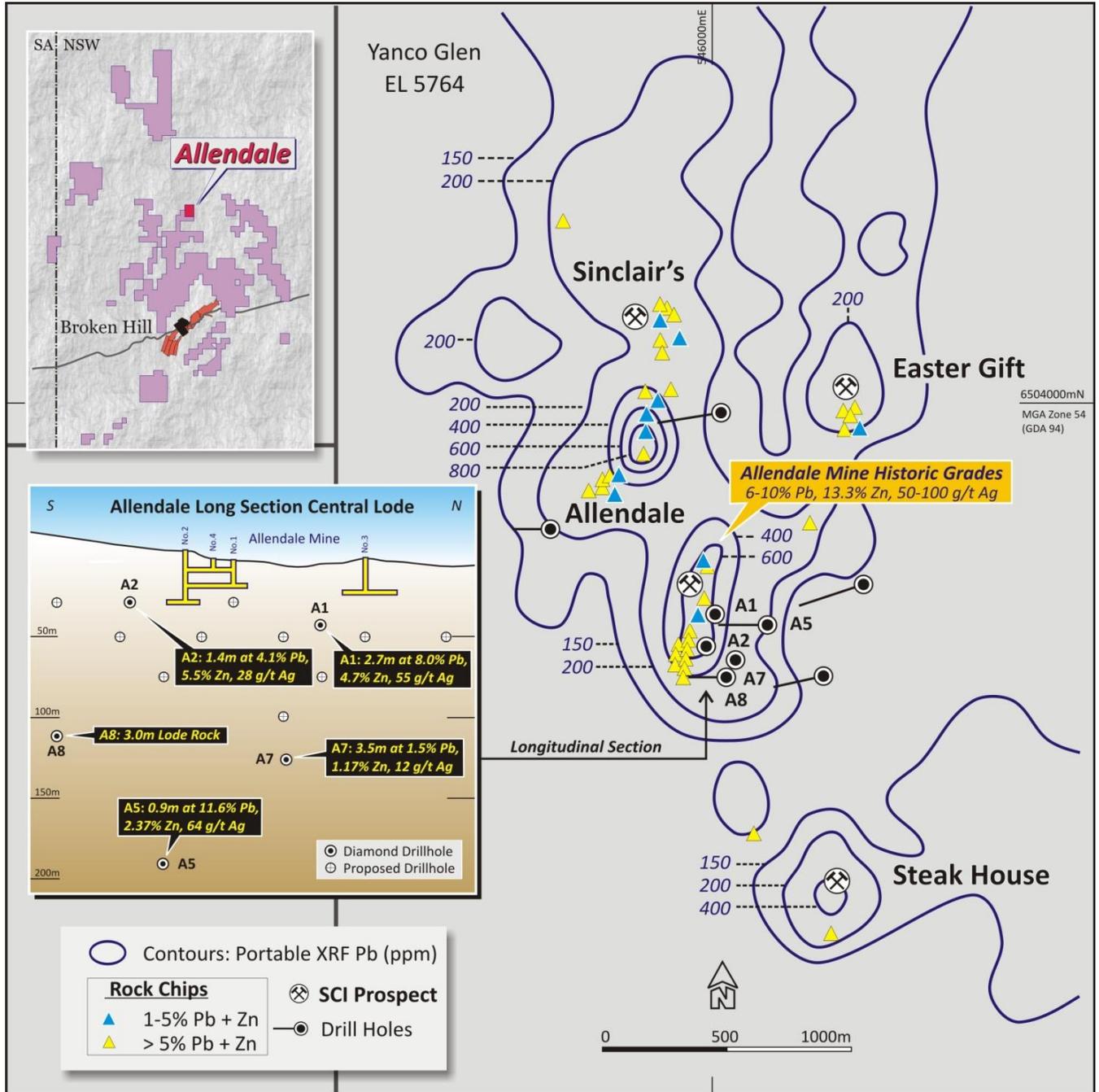


Figure 2. Allendale Project showing rock chip samples (lead plus zinc), soil contours (lead) and historic drill holes. Inset shows a Longitudinal Section of the Central Lode with drill hole piercement points in the lode and lead, zinc and silver grades.

SILVER CITY MINERALS LIMITED

Christopher Torrey
Managing Director

Competent Person

The information in this report as it 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 of Silver City Minerals Limited and a full time employee of CTEX Pty Ltd. Mr Torrey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a "Competent Person" as defined in the 2004 edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004". Mr Torrey consents to the inclusion in the report of the matters based on this information in the form and content 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 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.

CONTACT DETAILS**Management and Directors**

Bob Besley	Chairman
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