

Silver City Minerals Limited

ACN 130 933 309

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

21 November 2011

Time of Meeting

3.00 p.m. (Sydney time)

Place of Meeting

History House, 133 Macquarie Street, Sydney, NSW

SILVER CITY MINERALS LIMITED
ACN 130 933 309
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the fourth Annual General Meeting of shareholders of Silver City Minerals Limited (**Company**) will be held at History House, 133 Macquarie Street, Sydney, NSW on 21 November 2011 at 3.00 pm (Sydney time) for the purpose of transacting the following business.

ORDINARY BUSINESS

2011 Financial Statements

To receive and consider the financial statements of the Company for the year ended 30 June 2011, consisting of the Financial Report, the Directors' Report and Auditor's Report.

Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That the Remuneration Report of the Company for the year ended 30 June 2011 be adopted.”

Resolution 2 - Re-Election of Mr Gregory Francis Patrick Jones as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That Gregory Francis Patrick Jones, having retired as a director of the Company pursuant to clause 6 of the Company's Constitution and, being eligible, having offered himself for re-election, be re-elected as a director of the Company.”

Resolution 3 - Election of Professor Ian Plimer as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That Professor Ian Plimer, having retired as a director of the Company pursuant to clause 9 of the Company's Constitution and, being eligible, having offered himself for re-election, be elected as a director of the Company.”

Resolution 4 - Election of Mr Ian Hume as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That Ian Hume, having retired as a director of the Company pursuant to clause 9 of the Company's Constitution and, being eligible, having offered himself for re-election, be elected as a director of the Company.”

Resolution 5 - Grant of Options to Managing Director, Christopher Torrey

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for issue of 2,000,000 options to Christopher Torrey (or his nominee) for nil consideration at an exercise of 25 cents each with an expiry date of 8 September 2014 and otherwise on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.”

Resolution 6 - Grant of Options to Non-Executive Director, Robert Besley

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for issue of 1,000,000 options to Robert Besley (or his nominee) for nil consideration at an exercise of 25 cents each with an expiry date of 8 September 2014 and otherwise on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.”

Resolution 7 - Grant of Options to Non-Executive Director, Gregory Jones

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for issue of 1,000,000 options to Gregory Jones (or his nominee) for nil consideration at an exercise of 25 cents each with an expiry date of 8 September 2014 and otherwise on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.”

Resolution 8 - Grant of Options to Non-Executive Director, Ian Plimer

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for issue of 1,000,000 options to Ian Plimer (or his nominee) for nil consideration at an exercise of 25 cents each with an expiry date of 8 September 2014 and otherwise on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.”

Resolution 9 - Grant of Options to Non-Executive Director, Ian Hume

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for issue of 1,000,000 options to Ian Hume (or his nominee) for nil consideration at an exercise of 25 cents each with an expiry date of 8 September 2014 and otherwise on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.”

By order of the Board



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Secretary Date: 11 October 2011

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting, and should be read in conjunction with this Notice of Annual General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and the Explanatory Memorandum.

Voting Exclusion

Resolution 1

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (d) the vote is not cast on behalf of a person described in paragraphs (a) or (b) above.

The Chair will not vote any undirected proxies in relation to Resolution 1 unless the shareholder specifically authorises the Chair to vote in accordance with the Chair's stated voting intentions. If a shareholder wishes to nominate the Chair as their proxy for the purpose of Resolution 1 the shareholder must either tick the 'for' or 'against' box, directing the Chair how to vote, or tick the box authorising the Chair to vote in accordance with his or her stated voting intentions, on the enclosed Proxy Form in order for their proxy vote to be counted. Alternatively, shareholders can nominate as their proxy for the purpose of Resolution 1 a proxy who is not a member of the Company's Key Management Personnel. That person would be permitted to vote undirected proxies.

Resolutions 5, 6, 7, 8 and 9

The Company will disregard any votes in respect of each of these resolutions if they are cast by or on behalf of a person who is named in the relevant resolution or an associate of that named person.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

A form of proxy accompanies this Notice of Annual General Meeting.

New sections of the Corporations Act took effect on 1 August 2011 and apply to voting by proxy on or after 1 August 2011 (whether or not the proxy was appointed before, on or after that date). Shareholders and their proxies should be aware of these changes as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Record date

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), that the holders of shares of the Company recorded in the Company's register as at 7pm (Sydney time) on 19 November 2011 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the shares at that time.

Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice of Annual General Meeting convening the annual general meeting of shareholders of Silver City Minerals Limited (**Company**) to be held on 21 November 2011. This Explanatory Memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice of Annual General Meeting and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

All the resolutions are ordinary resolutions. They are separate resolutions and in no way dependent on each other.

RESOLUTION 1 – REMUNERATION REPORT

The Remuneration Report for the year ended 30 June 2011 is set out in the Directors' Report on pages 18 to 20 of the Annual Report.

The Remuneration Report:

- Explains the Board's policies relating to remuneration of directors, secretaries and executives of the Company;
- Discusses the relationship between such policies and the Company's performance;
- Provides details of any performance conditions attached to such remuneration; and
- Sets out remuneration details for each director and certain named executives.

Shareholders should note that the vote on Resolution 1 is advisory only and, subject to the matters outlined below, will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

With effect from 1 August 2011 the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* (Cth) amended the Corporations Act to:

- (a) prohibit a vote on this resolution being cast (in any capacity) by or on behalf of any of the following persons:
- (i) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
 - (ii) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 if:

- (iii) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (iv) the vote is not cast on behalf of a person described in paragraphs (a) or (b) above.

The Chair will not vote any undirected proxies in relation to Resolution 1 unless the shareholder specifically authorises the Chair to vote in accordance with the Chair's stated voting intentions. If a shareholder wishes to nominate the Chair as their proxy for the purpose of Resolution 1 the shareholder must either tick the 'for' or 'against' box directing the Chair how to vote, or tick the box authorising the Chair to vote in accordance with his or her stated voting intentions, on the enclosed Proxy Form in order for their proxy vote to be counted. Alternatively, shareholders can nominate as their proxy for the purpose of Resolution 1 a proxy who is not a member of the Company's Key Management Personnel. That person would be permitted to vote undirected proxies.

The Chair intend to vote all undirected proxies in favour of Resolution 1.

- (b) Introduce a 'two-strike' process in relation to the advisory and non-binding vote on the remuneration report, whereby if at two consecutive AGMs of a listed company at least 25% of votes cast on a resolution that the remuneration report be adopted are against adoption of the report, at the second of these AGMs there must be put to the vote a resolution that another meeting be held within 90 days at which all directors (except the managing director) who were directors at the date the remuneration report was approved at the second AGM must stand for re-election. So, in summary, shareholders will be entitled to vote in favour of holding a general meeting to re-elect the Board if the Remuneration Report receives 'two strikes'.

RESOLUTION 2 – RE-ELECTION OF GREGORY FRANCIS PATRICK JONES AS A DIRECTOR

Pursuant to clause 6 of the Company's Constitution, at each annual general meeting of the Company 1/3 of all the directors must retire from office and are eligible for re-election.

The Company provides the following information concerning Mr Jones:

Biographical details

Mr Jones is a geologist with 32 years of exploration and operational experience gained in a broad range of metalliferous commodities both within Australia and overseas. He has held senior positions in a number of resource companies including Western Mining Corporation and Sino Gold Limited and his experience spans the spectrum of exploration activity from grass-roots exploration through to resource definition and new project generation, as well as mine geology, ore resource/reserve generation and new mine development.

Details of relationships between the Candidate and the Company

Mr Jones is a non-executive Director of the Company

Details of relationships between the Candidate and Directors of the Company

Not applicable

Other directorships held

Mr Jones is also a director of PlatSearch NL, Eastern Iron Limited and Thomson Resources Ltd.

The term of office already served by Mr Jones

Mr Jones joined the Board on 30 April 2009.

The Directors (other than Mr Jones) do not have an interest in the outcome of Resolution 2 and recommend that shareholders vote in favour of Resolution 2.

RESOLUTION 3 – ELECTION OF PROFESSOR IAN PLIMER AS A DIRECTOR

Pursuant to clause 9 of the Company's Constitution the directors may at any time appoint any person as a director. That person shall hold office until the end of the next following annual general meeting and shall be eligible for election at that meeting.

The Company provides the following information concerning Professor Plimer:

Biographical details

Ian Plimer is Professor of Mining Geology at the University of Adelaide and Emeritus Professor of Earth Sciences at the University of Melbourne. Ian has previously been on the staff of North Broken Hill Ltd, and is a prominent Australian geologist who has spent most of his industry, consulting and scientific life working on base metal deposits, particularly in Broken Hill, where he is considered to be an expert on the geology of the Broken Hill deposit.

Professor Plimer is a respected scientist who has published seven books and 130 scientific papers. He edited the Academic Press Encyclopaedia of Geology and is a member and fellow of a number of learned institutions.

Details of relationships between the Candidate and the Company

Professor Plimer is a non-executive Director of the Company

Details of relationships between the Candidate and Directors of the Company

Not applicable

Other directorships held

Professor Plimer is also a director of Ivanhoe Australia Ltd, Kefi Minerals plc, Ormil Energy Ltd and TNT Mines Ltd.

The term of office already served by Professor Plimer

Professor Plimer joined the Board on 21 February 2011.

The Directors (other than Professor Plimer) do not have an interest in the outcome of Resolution 3 and recommend that shareholders vote in favour of Resolution 3.

RESOLUTION 4 – ELECTION OF IAN HUME AS A DIRECTOR

Pursuant to clause 9 of the Company's Constitution the directors may at any time appoint any person as a director. That person shall hold office until the end of the next following annual general meeting and shall be eligible for election at that meeting.

The Company provides the following information concerning Mr Hume:

Biographical details

Mr Hume has over 30 years' experience in the natural resources industry. He was a founding partner of The Sentient Group, a private equity fund specialising in global investment in the resources sector. From 1994 to 2000, Mr Hume served as a consultant to AMP Society's Private Capital Division, focused on international mining and telecommunications investments primarily in North and South America, Russia and the Pacific Rim. His experience prior to 1994 includes serving as a consultant to Equatorial Mining on the development of its copper assets in Chile. He has 23 years of investment management and investment banking experience for companies in Australia and the United Kingdom.

Details of relationships between the Candidate and the Company

Mr Hume is a non-executive Director of the Company

Details of relationships between the Candidate and Directors of the Company

Not applicable

Other directorships held

Mr Hume is a member of the Sentient Council and is a director of Iron Road Limited (ASX:IRD) and Golden Minerals Company (TSX:AUM).

The term of office already served by Mr Hume

Mr Hume joined the Board on 29 July 2011.

The Directors (other than Mr Hume) do not have an interest in the outcome of Resolution 4 and recommend that shareholders vote in favour of Resolution 4.

RESOLUTIONS 5 TO 9 – GRANT OF OPTIONS TO DIRECTORS

In accordance with Resolutions 5 to 9 the Company proposes to grant a total of 6,000,000 options to Directors as follows:

Christopher Torrey	2,000,000
Robert Besley	1,000,000
Gregory Jones	1,000,000
Ian Plimer	1,000,000
Ian Hume	1,000,000

Further terms and conditions of the options are set out in the schedule to this Explanatory Memorandum.

The grant of options is designed to incentivise the Directors by participating in the future growth and prosperity of the Company through share ownership and in recognition of the contribution made to the Company by the Directors and their ongoing responsibility.

Shareholder approval of the grant of options is being sought for all purposes including for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.1.

Shareholder Approval under Chapter 2E of the Corporations Act

Resolutions 5 to 9 seek shareholder approval under Chapter 2E of the Corporations Act.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless an exception applies or shareholder approval is obtained. The financial benefit must be given to the related party within 15 months after shareholder approval is obtained.

Section 228 of the Corporations Act defines "related party" widely and includes a director of a public company and specified members of the director's family.

Section 229 of the Corporation Act also defines "financial benefit" widely and for the purpose of Resolutions 5 to 9 includes a public company granting options to a director.

Requirements under section 219 of the Corporations Act for the grant of Options to the Non-Executive Directors

In accordance with section 219 of the Corporations Act, the following information is given to shareholders:

If Resolutions 5 to 9 are passed, they will permit the Company giving of a financial benefit to the following persons:

Christopher Torrey
Robert Besley
Gregory Jones
Ian Plimer
Ian Hume

All of whom, are Directors, and are related parties of the Company.

The nature of the financial benefit is the grant of the number of Options set out above for nil consideration, exercisable at 25 cents and an expiry date of 8 September 2014. The Options will vest immediately.

Other information

If the Company's Shares are trading on ASX at a higher price than the exercise price of the Options at the time of exercise, the effect will be to give an immediate financial benefit to the Directors at the time the Options are exercised.

The Directors do not make any recommendation on Resolutions 5 to 9 because of their personal interest in the subject matter of the Resolutions.

All other information reasonably required by members for the purposes of Chapter 2E of the Corporations Act is set out below.

Additional Information regarding Resolutions 5 to 9 for the purpose of Chapter 2E of the Corporations Act

1) Reasons for grant of Options under the Plan

The Company has been fortunate to attract a highly regarded management team, and given the relatively small size of the Company it is important that the Company retain its key people and, in particular, its leadership.

The grant of the Options has been chosen to retain those key people, provide an incentive to the Directors to increase shareholder wealth by increasing the price of the Company's Shares and to enable the Directors to participate in that wealth increase.

2) Dilution effect on existing members' interests

If all of the Options to be granted pursuant to Resolutions 5 to 9 are exercised, the effect will be to dilute the interests of existing shareholders. The table below sets out the impact on the number of Shares and Options on an undiluted and fully diluted basis:

	Number of Shares
Shares on issue at date of this notice	98,030,228
Add Options already on issue (upon exercise)	10,900,000
Total potential issued capital	108,930,228
Options to be granted to Directors	6,000,000
Potential issued capital fully diluted	114,930,228
Dilution effect	5.22%

If all the Options are exercised, a further 6,000,000 Shares will be on issue and \$1,500,000 (based on an exercise price of \$0.25 per Share) will be raised by the Company.

3) Trading History

The market price of the Company's Shares during the period the Options are issued and unexercised may be one factor in determining whether or not the Directors will exercise the Options. The Company's Shares may be trading on the ASX at a price which is higher than the exercise price of the Options. In these circumstances, if the Directors then sell the Shares arising from the exercise of the Options, they would realise an immediate profit.

As at 8 September 2011, being the date of the Board recommendation of the issue of the options, the Company's closing share price was \$0.165. The highest, lowest and last recorded market price of the Company's shares quoted on ASX during the period from 6 July 2011 (the date the Company's shares commenced trading on ASX) to 10 October 2011 (being the day immediately before the date this Notice was lodged at ASIC) were:

Lowest	\$0.16
Highest	\$0.205
Last	\$0.175

4) Opportunity costs and taxation consequences to the Company

A-IFRS requires the Company to expense options granted to directors with the expense being transferred to an Options Expense Reserve. The amount to be expensed and transferred to the Options Expense Reserve in relation to Resolutions 5 to 9 is estimated at \$669,600 for the financial year ended 30 June 2012. This amount will be transferred from the Option Expense Reserve to Issued Capital based on the exercise of the Options. If the Options lapse, the amount will remain as Options Expense Reserve.

5) Valuation of Options

The Options to be granted have been valued using the Binomial methodology, as recommended in the Accounting Standard AASB 2 "Share Based Payments".

The Binomial methodology calculated the average value of the Options in relation to Resolutions 5 to 9 at \$0.1116 per option with a total value of \$669,600. This valuation assumes an exercise price of \$0.25. In calculating the Option valuation the following inputs were used in the Binomial methodology:

Exercise Price	\$0.25
Expected Life	3 years
Volatility	124.71%
Risk free rate (3 year Government Bond Rate)	3.85%
Base share price	\$0.165

6) Directors Remuneration and Equity holdings in the Company

In addition to the Options proposed to be granted, effective 1 July 2011, Mr Torrey will receive \$252,000 per annum pursuant to his employment agreement with Company, the Chairman (Mr Besley) will receive Directors fees of \$50,000 per annum and Non-Executive Directors (Messrs Jones, Plimer and Hume) will each receive \$40,000 per annum.

The Directors are entitled to reimbursement of all reasonable travelling, accommodation and other expenses that they properly incur in attending meetings of Directors or any meetings of committees of Directors, in attending meetings of shareholders or in connection with the business of the Company.

The current Share and Option holdings of the Directors and their associates are as follows:

Director	Shares Directly and Indirectly Held	Options
C Torrey	140,000	2,000,000
R Besley	400,000	500,000
G Jones	-	400,000
I Plimer	1,000,000	-
I Hume	150,000	-

7) Further Information

Apart from the information set out in this Explanatory Statement there is no other information that is known to the Company or any of its directors that is reasonably required by shareholders to decide whether or not it is in the Company's interests to pass Resolutions 5 to 9.

Information required by the ASX Listing Rules for Resolutions 5 to 9

Listing Rule 10.11 requires shareholder approval for an issue of equity securities to a related party. Approval is therefore being sought for the proposed grant of Options to Directors.

Listing Rule 10.13 requires this Notice of Meeting to include the following specified information in relation to the Options to be granted to Directors:

- a) The maximum number of securities to be issued to the Directors is 6,000,000 Options. The allocation of the Options and valuations are as follows:

Director	Number of Options	Valuation of Options
C Torrey	2,000,000	\$223,200
R Besley	1,000,000	\$111,600
G Jones	1,000,000	\$111,600
I Plimer	1,000,000	\$111,600
I Hume	1,000,000	\$111,600

- b) No funds will be raised by the grant of the options as they are being granted for no consideration.
- c) The Company intends to grant the Options to Directors as soon as practicable after the date of the Annual General Meeting but in any event, no later than one month after the date of the Meeting.

The non-participating directors in each of resolutions 5 to 9 recommend that shareholders vote in favour of resolutions 5 to 9 as the grant of options is designed to incentivise the Directors by participating in the future growth and prosperity of the Company through share ownership and in recognition of the contribution made to the Company by the Directors and their ongoing responsibility.

Where a director is participating in one of the resolutions 5 - 9 they do not make a recommendation in respect of that resolution due to their personal interest in the matter being considered.

GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

ASX means ASX Limited ACN 008 624 691;

ASX Listing Rules means the official listing rules of ASX;

Board means the board of Directors;

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth);

Company means Silver City Minerals Limited ACN 130 933 309;

Corporations Act means *Corporations Act 2001* (Cth);

Directors means the directors of the Company;

Key Management Personnel has the same meaning as in the accounting standards (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executor or otherwise, of the Company);

Meeting means the meeting of shareholders convened by the Notice of Annual General Meeting; and

Notice of Annual General Meeting means the notice of annual general meeting to which this Explanatory Memorandum is attached.

SCHEDULE

TERMS AND CONDITIONS OF OPTIONS

- The options held by the optionholder are exercisable in whole or in part at any time during the exercise period. Options not exercised before the expiry of the exercise period will lapse.
- Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price in cleared funds.
- The Company will not apply for official quotation on ASX of the options. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
- Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the optionholder dies, the legal personal representative of the deceased optionholder may:
 - (i) elect to be registered as the new holder of the options;
 - (ii) whether or not he becomes so registered, exercise those options in accordance with the terms and conditions on which they were granted; and
 - (iii) if the deceased has already exercised options, pay the exercise price in respect of those options.
- An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
- If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
- If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

- A = the new exercise price of the option;
 - O = the old exercise price of the option;
 - E = the number of underlying ordinary shares into which one option is exercisable;
 - P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stockmarket of ASX during the five trading days immediately preceding the ex-rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
 - S = the subscription price for a security under the pro rata issue;
 - D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
 - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.



FOR ALL ENQUIRIES CALL:
 (within Australia) 1300 737 760
 (outside Australia) +61 2 9290 9600

FACSIMILE
 +61 2 9290 9655

ALL CORRESPONDENCE TO:
 Boardroom Pty Limited
 GPO Box 3993
 Sydney NSW 2001
 Australia

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction on the form. Securityholders sponsored by a broker should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 3.00 pm (Sydney time) ON SATURDAY 19 NOVEMBER 2011

TO VOTE BY COMPLETING THE PROXY FORM**STEP 1 Appointment of Proxy**

Indicate here who you want to appoint as your Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

STEP 3 Sign the Form

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders must sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting that is by **3.00 pm (Sydney time) on Saturday 19 November 2011**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxies may be lodged using the reply paid envelope or:

BY MAIL - Share Registry – Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia

BY FAX - + 61 2 9290 9655

IN PERSON - Share Registry – Boardroom Pty Limited, Level 7, 207 Kent Street, Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Silver City Minerals Limited

<Address 1>
 <Address 2>
 <Address 3>
 <Address 4>
 <Address 5>
 <Address 6>

<BARCODE>

STEP 1 - Appointment of Proxy

I/We being a member/s of **Silver City Minerals Limited** and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X') **OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **Annual General Meeting of Silver City Minerals Limited to be held at History House, 133 Macquarie Street, Sydney, NSW 2000 on Monday 21 November 2011 at 3.00 pm** (Sydney time) and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of resolutions 1 & 6, please mark this box. *By marking this box, you acknowledge that the Chairman of the Meeting may vote as your proxy even if he has an interest in the outcome of the resolution and votes cast by the Chairman of the Meeting for those resolutions, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called. By marking this box I/we acknowledge the Chairman of the Meeting can exercise my/our proxy even though he has an interest in the outcome of the resolution and unless a specific voting direction has been specified below, the Chairman of the Meeting is directed to vote in accordance with his voting intention as set out below.*

The Chair will vote all undirected proxies in favour of resolution 1

STEP 2 - Voting directions to your Proxy – please mark to indicate your directions

Ordinary Business		For	Against	Abstain*
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-Election of Gregory Jones as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Ian Plimer as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Ian Hume as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Options to Christopher Torrey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Grant of Options to Robert Besley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Grant of Options to Gregory Jones	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Grant of Options to Ian Plimer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Grant of Options to Ian Hume	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intentions advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 - PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name Contact Daytime Telephone Date / / 2011