

SILVER CITY MINERALS LIMITED



ASX ANNOUNCEMENT

10 November 2011

Company Announcements Platform
Australian Securities Exchange

Entitlement Offer of Options

The Directors of Silver City Minerals Limited (“Silver City” or “Company”) (ASX: SCI) are pleased to announce a pro-rata non-renounceable offer of 1 option (“Entitlement Option”) per 3 fully paid ordinary shares (“Share”) held in the Company (“Entitlement Offer”) to raise approximately \$325,000 before costs (fully subscribed) as envisaged in the Company’s IPO Replacement Prospectus dated 17 May 2011.

Entitlement Options will be issued at a price of 1 cent each with an exercise price of 25 cents each. Entitlement Options are exercisable within 3 years of the issue date and, upon exercise, each Entitlement Option shall convert into a Share.

Australian and New Zealand shareholders registered on the share register of Silver City on 21 November 2011 (“Record Date”) will be entitled to participate in the Entitlement Offer.

Holders of current unlisted options in the Company (“Options”) must exercise their Options prior to the Record Date to be eligible to participate in the Entitlement Offer.

A disclosure document (“Prospectus”) for the Entitlement Offer will be lodged with the Australian Securities and Investments Commission (“ASIC”) and issued when the Entitlement Options are offered.

An Appendix 3B for the Entitlement Offer is attached.

Timetable

The indicative timetable for the Entitlement Offer is set out below. The timetable will be confirmed upon lodgement of the Prospectus with ASIC and ASX.

Event	Date
Lodgement of Prospectus with ASIC	11 November 2011
Notice to Shareholders	14 November 2011
“Ex” date	15 November 2011
Record date for determining Shareholder entitlements	21 November 2011
Opening Date and dispatch of Prospectus to Shareholders	25 November 2011
Closing Date of Offer	9 December 2011
Options quoted on a deferred settlement basis	12 December 2011
Notify ASX of under subscriptions	14 December 2011
Despatch date	19 December 2011

ABOUT Silver City Minerals Limited

Silver City Minerals Limited (ASX: 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. The Company was established in May 2008 to explore specifically in the Broken Hill District where it currently controls 23 Exploration Licences and 3 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
Chris Torrey	Managing Director
Greg Jones	Non-Executive Director
Ian Plimer	Non-Executive Director
Ian Hume	Non-Executive Director
Ivo Polovineo	Company Secretary
Gordon McLean	Exploration Manager

Registered Office

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 Fax: +61 2 9906 5233
 Email: info@silvercityminerals.com.au
 Web: www.silvercityminerals.com.au

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

SILVER CITY MINERALS LIMITED

ABN

68 130 933 309

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Options to acquire fully paid ordinary shares (to be listed) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 32,676,742

A small number of additional options may be issued where option holders who decide to participate in the Entitlement Offer exercise their options. |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Options will be offered at an issue price of \$0.01, exercisable at \$0.25 with an expiry date three years after the issue date

Upon exercise, options will convert into fully paid ordinary shares ranking pari passu with existing fully paid ordinary shares |

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Appendix 3B
New issue announcement

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?	No, however the shares issued as a result of the exercise of these options will rank equally with existing fully paid ordinary shares from the date of allotment						
	<p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 							
5	Issue price or consideration	Each option will be offered at an issue price of \$0.01						
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The primary purpose is to reward existing shareholders for their loyalty to and support of the Company and to provide existing shareholders with an opportunity to participate in the continued growth of the Company						
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	19 December 2011						
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="695 1559 995 1592">Number</th> <th data-bbox="995 1559 1289 1592">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1592 995 1648">80,079,596</td> <td data-bbox="995 1592 1289 1648">Ordinary Shares</td> </tr> <tr> <td data-bbox="695 1648 995 1854">After the Entitlement Offer there will be up to 32,676,742 listed Options on Issue</td> <td data-bbox="995 1648 1289 1854">Entitlement Options exercisable at \$0.25 with an expiry date three years after the issue date</td> </tr> </tbody> </table>	Number	+Class	80,079,596	Ordinary Shares	After the Entitlement Offer there will be up to 32,676,742 listed Options on Issue	Entitlement Options exercisable at \$0.25 with an expiry date three years after the issue date
Number	+Class							
80,079,596	Ordinary Shares							
After the Entitlement Offer there will be up to 32,676,742 listed Options on Issue	Entitlement Options exercisable at \$0.25 with an expiry date three years after the issue date							

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	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	17,950,632	* Ordinary shares
	1,000,000	* 6 April 2012 Options – exercise price 25 cents
	550,000	* 30 June 2012 Options – exercise price 25 cents
	750,000	* 30 Nov 2012 Options – exercise price 25 cents
	1,000,000	* 6 Apr 2013 Options – exercise price 25 cents
	3,000,000	* 1 July 2013 Options – exercise price 35 cents
	1,100,000	1 July 2013 Options – exercise price 35 cents
	1,100,000	* 30 Nov 2012 Options – exercise price 25 cents
	200,000	30 June 2013 Options – exercise price 25 cents
	2,200,000	9 Aug 2014 Options – exercise price 25 cents
		* = Restricted Securities
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not Applicable	

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	No
12 Is the issue renounceable or non-renounceable?	Non-renounceable
13 Ratio in which the +securities will be offered	1 option per 3 fully paid ordinary shares
14 +Class of +securities to which the offer relates	Listed options to acquire fully paid ordinary shares

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Appendix 3B
New issue announcement

- | | | |
|----|---|---|
| 15 | +Record date to determine entitlements | 21 November 2011 |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | No |
| 17 | Policy for deciding entitlements in relation to fractions | Fractional entitlements are rounded up to the nearest whole |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | Canada, Hong Kong, and Switzerland. |
| 19 | Closing date for receipt of acceptances or renunciations | 9 December 2011 |

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	25 November 2011
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	14 November 2011
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for	N/A

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Appendix 3B New issue announcement

the balance?

32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?

33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

40 Do the +securities rank equally in
all respects from the date of
allotment with an existing +class
of quoted +securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next
dividend, (in the case of a
trust, distribution) or interest
payment
- the extent to which they do
not rank equally, other than in
relation to the next dividend,
distribution or interest
payment

41 Reason for request for quotation
now

Example: In the case of restricted securities, end
of restriction period

(if issued upon conversion of
another security, clearly identify
that other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)		

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Appendix 3B
New issue announcement

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:Date: 10 November 2011
Company secretary

Print name: Ivo Polovineo

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+ See chapter 19 for defined terms.