

# SILVER CITY MINERALS LIMITED

ABN 68 130 933 309

## ENTITLEMENT OFFER PROSPECTUS

**For a pro-rata issue of Entitlement Options at an offer price of \$0.01 each on the basis of one Entitlement Option for every three Shares held by Eligible Shareholders.**

**Important Information:**

**This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional advisors. The securities the subject of this Prospectus should be considered speculative.**

**ASX Code: SCI**

## IMPORTANT INFORMATION

This Prospectus is dated 11 November 2011.

A copy of this Prospectus was lodged with ASIC on 11 November 2011. Neither ASIC nor the ASX nor any of their respective officers take any responsibility for the contents of this Prospectus.

The expiry date of this Prospectus is that date which is 13 months after the date of this Prospectus, being 11 December 2012.

No Entitlement Options will be granted on the basis of this Prospectus later than 13 months after the date of this Prospectus. We will apply to the ASX within seven days of the date of this Prospectus for Official Quotation of the Entitlement Options.

This Prospectus is a transaction-specific prospectus for an offer of continuously quoted securities and has been issued pursuant to section 713 of the Corporations Act. This Prospectus does not contain the same level of disclosure as an initial public offering prospectus. In making statements in this Prospectus, we have had regard to the fact that we are a 'disclosing entity' for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known by you and professional advisers whom you may consult. You must read this Prospectus in conjunction with publicly available information we have disclosed to the ASX.

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Entitlement Offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. If you come into possession of this Prospectus you should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Entitlement Options in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer.

The Entitlement Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the *Corporations Regulations 2001* (Cth). In New Zealand, this is Part 5 of the *Securities Act 1978* and the *Securities (Mutual Recognition of Securities Offerings –Australia) Regulations 2008*.

The Entitlement Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Entitlement Offer must be made.

There are differences in how securities are regulated under Australian law. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Entitlement Offer. If you need to make a complaint about the Entitlement Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Entitlement Offer may involve a currency exchange risk. The currency for the Entitlement Options and Shares is not New Zealand dollars. The value of the Entitlement Options and Shares will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the Shares to pay any amount in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial situation and particular needs. It is important that you read this Prospectus in its entirety before deciding to invest and, if in any doubt, consult your professional adviser before deciding whether to accept the Entitlement Offer. In considering the Company's prospects, you should consider the risk factors that could affect the Company's performance in light of your personal circumstances (including financial and taxation issues) and seek professional guidance from your stockbroker, solicitor, accountant or other professional financial adviser before deciding whether to invest. Section 4 of this Prospectus contains a non-exhaustive list of risk factors that investors should consider in respect of the Entitlement Offer.

The Entitlement Options carry no guarantee with respect to return on capital investment or the future value of the Entitlement Options or Shares.

Revenues and expenditures disclosed in this Prospectus are exclusive of the amount of GST unless otherwise disclosed.

Certain words and terms used in this Prospectus have defined meanings which are set out in Section 8 of this Prospectus.

In this Prospectus, the words 'we', 'our' and 'us' refer to the Company. The words 'you' and 'your' refer to Eligible Shareholders.

## TABLE OF CONTENTS

<b>SECTION 1: CORPORATE DIRECTORY .....</b>	<b>2</b>
<b>SECTION 2: DETAILS OF THE ENTITLEMENT OFFER .....</b>	<b>3</b>
<b>SECTION 3: PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER.....</b>	<b>6</b>
<b>SECTION 4: RISKS .....</b>	<b>10</b>
<b>SECTION 5: RIGHTS AND LIABILITIES ATTACHING TO ENTITLEMENT OPTIONS AND TO UNDERLYING SHARES .....</b>	<b>15</b>
<b>SECTION 6: ADDITIONAL INFORMATION .....</b>	<b>20</b>
<b>SECTION 7: DIRECTORS' CONSENTS .....</b>	<b>26</b>
<b>SECTION 8: DEFINITIONS .....</b>	<b>27</b>

### TIMETABLE

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

Notes:

\* These dates are the latest dates on which each relevant event may take place.

<sup>+</sup> Optionholders must be advised by this date of the Entitlements Offer and their inability to participate unless they exercise their Options.

This timetable is indicative only and we reserve the right to vary it at any time without prior notice subject to the Listing Rules and the Corporations Act.

## SECTION 1: CORPORATE DIRECTORY

### Directors

Robert Besley (Non-Executive Chairman)  
 Christopher Torrey (Managing Director)  
 Greg Jones (Non-Executive Director)  
 Ian Plimer (Non-Executive Director)  
 Ian Hume (Non-Executive Director)  
 Yanina Barila (Alternate to Ian Hume)

### Company Secretary

Ivo Polovineo

### Registered Office

Level 1  
 80 Chandos Street  
 St Leonards NSW 2065

### Contact Details

Silver City Minerals Limited  
 Suite 3, Level 1  
 80 Chandos Street  
 St Leonards NSW 2065  
 Telephone: (02) 9437 1737  
 Facsimile: (02) 9906 5233  
 Website: [www.silvercityminerals.com.au](http://www.silvercityminerals.com.au)  
 Email: [info@silvercityminerals.com.au](mailto:info@silvercityminerals.com.au)

### Auditors

BDJ Partners  
 Level 13  
 122 Arthur Street  
 North Sydney NSW 2060

### Solicitors

Gadens Lawyers  
 Skygarden Building  
 77 Castlereagh Street  
 Sydney NSW 2000

### Share Registrar

Boardroom Pty Limited  
 Level 7  
 207 Kent Street  
 Sydney NSW 2000  
 PO Box 3993, Sydney NSW 2001  
 Telephone: (02) 9290 9600  
 Facsimile: (02) 9279 0664  
 Website: [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

### ASX Code

SCI

## **SECTION 2: DETAILS OF THE ENTITLEMENT OFFER**

### **2.1 The Entitlement Offer**

By this Prospectus we offer a pro rata issue of Entitlement Options to Eligible Shareholders on the basis of one Entitlement Option for every three Shares held by Eligible Shareholders on the Record Date. Optionholders, who exercise their Current Options after the date of this Prospectus, but prior to the Record Date, are entitled to participate in the Entitlement Offer. The Entitlement Options are offered at an issue price of \$0.01 to Eligible Shareholders. The Entitlement Options will be exercisable at \$0.25 with an expiry date three years after the issue date. Upon exercise, the Entitlement Options will convert into Shares.

The maximum number of Entitlement Options to be issued under the Entitlement Offer is approximately 32,676,742 Entitlement Options (if no Current Options are exercised prior to the Record Date). If some or all of the Current Options are exercised prior to the Record Date, the maximum number of Entitlement Options to be granted under the Entitlement Offer, will increase.

The maximum amount to be raised by the Entitlement Offer is \$326,767 (if no Current Options are exercised prior to the Record Date). If all Entitlement Options issued are exercised, the Company will raise a further \$8,169,185. Please refer to Section 3.4 for details of how we will use the amount raised by the Entitlement Offer.

In the calculation of Entitlements, fractions will be rounded up to the nearest whole number.

### **2.2 Risks to Entitlement Options**

The Company is listed on the ASX. Consequently, share market conditions may affect the price of Shares and Options regardless of operating performance. Many factors will affect the price of the Entitlement Options including local and international stock markets, movements in commodity prices, interest rates, economic conditions and investor sentiment generally. In particular, you should be aware that mineral exploration by its nature is a high risk endeavour and accordingly there is a significant risk that our proposed exploration programmes will not result in exploration success. You should also note that if the Entitlement Options are admitted to Official Quotation, the price of the Entitlement Options may fall as well as rise. It is possible that the exercise price of Options may be greater than the underlying value of Conversion Shares.

Please refer to Section 4 for further details of the risks associated with the Entitlement Offer.

### **2.3 Application, Allotment and Allocation**

To subscribe to the Entitlement Offer, you must complete the accompanying personalised Entitlement and Acceptance Form in accordance with instructions set out in the Entitlement and Acceptance Form. You may take up your Entitlement either in whole or in part.

Please pay by cheque or by electronic funds transfer. If you pay by:

(a) cheque, you should make the cheque payable to "Silver City Minerals Limited - New Issue A/C" and crossed "Not Negotiable";

(b) electronic funds, you should follow the procedure set out in your personalised Entitlement and Acceptance Form.

Your payment must be in Australian currency. The amount payable on application will be deemed not to have been received until cleared funds are received. Completed Entitlement and Acceptance Forms (and, if paying by cheque a cheque for the Application Money) must be mailed to the postal address, or delivered by hand to the delivery address set out below:

**POSTAL DELIVERY**

Boardroom Pty Ltd  
GPO Box 3993  
SYDNEY NSW 2001

**HAND DELIVERY**

Boardroom Pty Ltd  
Level 7  
207 Kent Street  
SYDNEY NSW 2000

All acceptances must be received by 5:00pm (AEST-DST) on the Closing Date.

If we receive your Entitlement and Acceptance Form after the Closing Date, the Directors may, at their discretion, accept or reject your application.

We will allot and grant your Entitlement Options as soon as practicable after the date of this Prospectus and otherwise in accordance with the Listing Rules. We will also despatch holding statements in relation to your Entitlement Options as soon as practicable after the date of this Prospectus.

**2.4 ASX Official Quotation**

As noted above, we will apply to the ASX within seven days after the date of this Prospectus for admission to Official Quotation of the Entitlement Options.

If the ASX does not grant permission for Official Quotation of the Entitlement Options within three months of the date of this Prospectus, or such longer period as is permitted by the Corporations Act, we will not allot or grant any Entitlement Options (unless ASIC grants to the Company an exemption permitting the allotment and grant). In this case, we will refund all Application Money, though any interest earned on Application Money will remain with the Company.

The fact that the ASX may admit the Entitlement Options to Official Quotation is not an indication of the merits of the Company or the Entitlement Options.

**2.5 CHESS**

The Company participates in CHESS. CHESS is operated by ASTC (a wholly owned subsidiary of ASX) in accordance with the Listing Rules and the ASTC Settlement Rules.

Under CHESS, you will receive a statement of your holding of Shares and Options (including Entitlement Options granted under this Prospectus).

If you are broker-sponsored, ASTC will send you a CHESS statement. The CHESS statement will set out the number of Entitlement Options granted to you, provide details of your holder identification number, and the participant identification number of the sponsor.

If you are registered on the Issuer Sponsored Subregister, your statement will be despatched by the Share Registry and will contain the number of Entitlement Options granted to you under this Prospectus and your security holder reference number.

CHESS statements and Issuer Sponsored statements will routinely be sent out to Shareholders and Optionholders at the end of any calendar month during which the balances

of their holdings change. Shareholder and Optionholders may request a statement at any other time, however, a charge may be payable for additional statements.

## 2.6 **Taxation**

You should seek and rely upon independent taxation advice regarding your investment in the Company as the taxation consequences will depend on your particular circumstances.

## 2.7 **Ranking**

The terms and conditions of Entitlement Options are set out in Section 5.1. Converted Shares will rank equally with Shares. The rights attaching to Shares are set out to in Section 5.2.

## 2.8 **Non-Renounceable**

Entitlements are non-renounceable. Accordingly, you are not permitted to trade the Entitlement Options on the ASX and you will be unable to dispose of your Entitlement to another party.

## 2.9 **No Minimum Subscription**

There is no minimum subscription for the Entitlement Offer.

## 2.10 **Oversubscriptions**

Oversubscriptions will not be accepted.

## 2.11 **Underwriting**

The Entitlement Offer is not underwritten.

## 2.12 **Expenses of the Entitlement Offer**

We estimate the cost associated with the Entitlement Offer including advisory fees, legal fees, printing fees and other costs incurred in preparing and distributing this Prospectus, to be approximately \$54,451.

Please refer to Section 6.12 for further details of the expenses of the Entitlement Offer.

## 2.13 **Withdrawal of Prospectus**

The Directors may at any time decide to withdraw this Prospectus.

## 2.14 **Enquiries**

If you have any questions regarding the Entitlement Offer, or any of the documents referred to in this Prospectus, please contact us by telephone on (02) 9437 1737.



## **SECTION 3: PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER**

### **3.1 Purpose of the Entitlement Offer**

The primary purpose of the Entitlement Offer is to reward you for your loyalty to and support of the Company and to provide you with an opportunity to participate in our continued growth.

The maximum number of Entitlement Options to be issued pursuant to the Entitlement Offer is approximately 32,676,742 Entitlement Options (if no Current Options are exercised prior to the Record Date). If some or all of the Current Options are exercised prior to the Record Date this will impact on the maximum number of Entitlement Options to be granted under the Entitlement Offer.

### **3.2 Effect of the Entitlement Offer**

Under full subscription, the Entitlement Offer will increase the number of Options on issue at the date of this Prospectus to approximately 43,576,742 Options comprising:

- (a) 10,900,000 Current Options as at the date of this Prospectus; and
- (b) approximately 32,676,742 Entitlement Options,

disregarding fractions and assuming that none of the Current Options are exercised prior to the Record Date.

Assuming all Entitlements are subscribed for and issued and after paying the expenses of the Entitlement Offer, the working capital of the Company will increase by approximately \$272,316.

### **3.3 Pro Forma Balance Sheet**

Set out below is:

- (a) an audited balance sheet of the Company as at 30 June 2011; and
- (b) an unaudited pro-forma balance sheet of the Company as at 30 June 2011 incorporating the effect of the Entitlement Offer,

which assumes the completion of the full subscription under the Entitlement Offer as though it had taken place on 30 June 2011 and which includes the following transactions:

- (a) the issue of 32,676,742 Entitlement Options at an issue price of \$0.01 each; and
- (b) the costs of the Entitlement Offer being approximately \$54,451.

+	<b>Audited Consolidated 30 June 2011 \$</b>	<b>Unaudited Proforma Consolidated 30 June 2011 \$</b>
<b>Current assets</b>		
Cash assets	10,409,294	10,681,610
Receivables	61,211	61,211
<b>Total current assets</b>	10,470,505	10,742,821
<b>Non-current assets</b>		
Receivables	1,280	1,280
Tenement security deposits	50,000	50,000
Property, plant and equipment	39,908	39,908
Deferred exploration and evaluation expenditure	1,951,360	1,951,360
<b>Total non-current assets</b>	2,042,548	2,042,548
<b>Total assets</b>	12,513,053	12,785,369
<b>Current liabilities</b>		
Payables	822,505	822,505
Provisions	1,068	1,068
<b>Total current liabilities</b>	823,573	823,573
<b>Total liabilities</b>	823,573	823,573
<b>Net assets</b>	11,689,480	11,961,796
<b>Equity</b>		
Contributed equity	12,553,363	13,152,679
Accumulated losses	(1,067,267)	(1,067,267)
Reserves	203,384	203,384
<b>Total equity</b>	11,689,480	11,961,796

### 3.4 Use of Funds

After expenses of the Entitlement Offer, the proceeds from the Entitlement Offer will be approximately \$272,316 (assuming that the Entitlement Offer is fully subscribed and none of the Current Options are exercised). These funds will be put towards augmenting the Company's general working capital, as described below (**Working Capital**).

Since the date of our Initial Public Offer Replacement Prospectus dated 17 May 2011 replacing our Initial Public Offer Prospectus dated 20 April 2011 (**IPO Prospectus**):

- (a) drilling has commenced at Golden King (MCL 13, 14 and 293);
- (b) drilling has commenced at the Stephens Trig Project (EL 6132);
- (c) we have been granted three Exploration Licence Applications (ELs 7749, 7813 and 7814); and
- (d) we have also made one new Exploration Licence Application (ELA 4390).

Proceeds of the Entitlement Offer will contribute, together with funds raised as a result of the IPO (**IPO Funds**), to drilling at both the Golden King and Stephens Trig tenements as well as exploration of newly granted Exploration Licence Applications.

In addition, proceeds of the Entitlement Offer, together with IPO Funds, will go towards:

- (a) ongoing exploration operations in accordance with exploration and drilling projects proposed in section 6 of the Company's IPO Prospectus; and
- (b) fulfilling the Company's obligations under the Farm-in Agreement and JV Agreement (please refer to Section 6.1 for further details of those obligations).

The proceeds of the Entitlement Offer will be used as follows (assuming full subscription);

<b>Use of Funds</b>	<b>Full Subscriptions (\$)</b>
Additional Working Capital (as detailed above)	\$326,767
Expenses of the Entitlement Offer*	\$54,451
<b>Net Proceeds</b>	<b>\$272,316</b>

\* Please refer to Sections 3.6 and 6.13 for further details of the expenses of the Entitlement Offer.

If all of the Entitlement Options are exercised, the Company will receive approximately \$8,169,185 (assuming full subscription under the Entitlement Offer and assuming that no Current Options are exercised prior to the Record Date).

### 3.5 Effect on Capital Structure

Disregarding fractions, assuming full subscription under the Entitlement Offer and assuming that none of the Current Options are exercised prior to the Record Date, the effect of the Entitlement Offer on our capital structure will be as follows:

<b>Shares</b>	<b>Number</b>
Current Shares on issue	98,030,228
Shares issued under the Entitlement Offer	Nil
<b>Total Shares on issue after completion of the Entitlement Offer</b>	<b>98,030,228</b>

<b>Options</b>	<b>Number</b>
Current Options (Unlisted)	10,900,000
Entitlement Options granted under the Entitlement Offer	32,676,742
<b>Total Options on issue after completion of the Entitlement Offer</b>	<b>43,576,742</b>

Currently, our major Shareholders, Sentient and PlatSearch, respectively hold 17.45% and 14.61% of the Company's paid-up share capital. If the Entitlement Offer is fully subscribed, and all Entitlement Options are subsequently exercised, there will be no change in Sentient's or PlatSearch's interests in the Company.

Where Sentient takes up its Entitlement and subsequently exercises its Entitlement Options and either:

- (a) no other Shareholders take up their Entitlement; or
- (b) other Shareholders take up their Entitlement, but no such Shareholders exercise their Entitlement Options,

Sentient's shareholding in the Company has the potential to increase to approximately 21.02% of issued capital, assuming that no Current Options are exercised, or 20.94% where all Current Options are exercised.

Where PlatSearch takes up its Entitlement and subsequently exercises its Entitlement Options and either:

- (a) no other Shareholders take up their Entitlement; or
- (b) other Shareholders take up their Entitlement, but no such Shareholders exercise their Entitlement Options,

PlatSearch's shareholding in the Company has the potential to increase to approximately 17.60% of issued capital, assuming that no Current Options are exercised, or 20.29% where all Current Options are exercised.

### 3.6 **Expenses of Entitlement Offer**

We estimate the cost associated with the Entitlement Offer including advisory fees, legal fees, printing fees and other costs incurred in preparing and distributing this Prospectus, to be approximately \$54,451.

Please refer to Section 6.12 for further details of the expenses of the Entitlement Offer.

## SECTION 4: RISKS

The Entitlement Offer should be considered speculative because of the nature of our business activities. There are numerous risk factors involved with our business. Accordingly, we cannot guarantee the payment of any dividends or a return of capital upon your investment. We also cannot guarantee the price at which our securities will trade.

The following is a summary of material risks. The list is not exhaustive and you should read it in conjunction with specific matters we have referred to in previous announcements and reports.

### 4.1 Material Contracts

#### (a) Silverton Wind Farm

Silverton Wind Farm Developments Pty Ltd (**Silverton**) is a joint venture established in 2007 for the purpose of developing, constructing and operating the Silverton Wind Farm for electricity generation in NSW. Silverton received planning approval on 24 May 2009 from the NSW Minister for Planning for the installation of 282 wind turbines and associated infrastructure in the Barrier Ranges and concept approval for the installation of a further 316 turbines.

There is a risk that the location of the Silverton Wind Farm may affect the following tenements:

- (i) MT Robe (EL 5646);
- (ii) Eldee Creek (EL 6002);
- (iii) Big Aller (EL 6147);
- (iv) Apollyon Valley (EL 6475); and
- (v) Aragon EL (7300)

(collectively, **Affected Tenements**).

According to the planning approval conditions, Silverton must consult with us as a holder of an exploration licence or mining lease to negotiate measures for minimising impact, sterilisation of resources, maximising access, determining appropriate buffer zones and in respect of the construction of wind farms located on Affected Tenements.

In the future, we may be required to consult with Silverton in respect of our planned operations, including mine development and related construction.

The full effect of the proposed Silverton Wind Farm on our proposed future activities cannot be presently ascertained. However, potential operational risks include:

- (i) delays or impeded access to the Affected Tenements;
- (ii) delays or limits to exploration activities on the Affected Tenements; and
- (iii) in the event of a discovery of a resource on an Affected Tenement, the economic value may be reduced or diminished entirely such as to render any mining activity uneconomic.

(b) **Joint Venture Agreements**

We have met, and intend to continue to meet, our spending obligations under both the JV Agreement, as varied, and the Farm-in Agreement (collectively, **Agreements**). We note that failure to meet our spending obligations under the Agreements may result in the termination of the Agreements which would impact upon our ability to continue to explore the subject-tenements.

4.2 **Risks to Entitlement Options**

As noted above, the Company is listed on the ASX. Consequently, share market conditions may affect the price of Options regardless of operating performance. Many factors will affect the price of the Entitlement Options including local and international stock markets, movements in commodity prices, interest rates, economic conditions and investor sentiment generally. You should note that if the Entitlement Options are admitted to Official Quotation, the price of the Entitlement Options may fall as well as rise. It is possible that the exercise price of Options may be greater than the underlying value of Conversion Shares.

4.3 **Legal and Regulatory Risks**

(a) **Renewal of Tenements**

Two tenements (ELs 6863 and 6864), both considered to have low exploration potential for the style of target that we are seeking, have been allowed to expire. We have lodged renewals for seven tenements (ELs 6036, 6002, 6132, 6468, 6147, 6475 and 7300) which have not yet been processed. These tenements remain in force until the renewal is dealt with. We expect all these renewals to be successful. However, there is a risk that one or more of these tenements may not be renewed or that they will be renewed subject to onerous licence or expenditure conditions.

(b) **Grant of Exploration Licences**

As noted in Section 3.4, we have been granted three additional Exploration Licences (ELs 7749, 7813 and 7814). There are a range of risks associated with the exploration of these tenements as detailed in Section 4.4.

(c) **Exploration Licence Application**

As noted in Section 3.4, we have made an Exploration Licence Application (ELA 4390). There is a risk that the Exploration Licence Application will be granted to us.

(d) **Limited Operating History and Loss of Key Management Personnel**

The Company was established in 2008 and accordingly has a limited operating history. As such, there is a high level of inherent uncertainty in the future profitability of our exploration programmes. We advise that any investment in the Company is inherently speculative.

Our success largely depends, to a large extent upon key management personnel for the strategic management of the Company as well as upon other management and technical personnel for the daily operation of the Company. Consequently, there is a possibility that we will be negatively affected, particularly in respect of the rate at which our exploration programmes and tenements are developed or prioritised, if one or more of these employees cease their employment.

You can access an outline of the role and expertise of our key management personnel on our website at [www.silvercityminerals.com.au](http://www.silvercityminerals.com.au).

(e) **Changes in Government**

Our operation is subject to ongoing changes in government, monetary policies, taxation and other laws which can significantly affect our future profitability.

4.4 **Business Risks**

(a) **Exploration Programmes**

There is a significant risk that our proposed exploration programmes will not result in exploration success. Mineral exploration by its nature is a high risk endeavour. The Company's exploration programmes and other projects that we may acquire in the future, may not result in the discovery of a commercially viable economic mineral deposit. Our key management personnel and Directors will however make every effort to maximise the potential success of our exploration programmes.

The success of our exploration programmes is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable ore reserves;
- (b) successful conclusions to bankable feasibility studies;
- (c) access to adequate capital for project development;
- (d) the design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (e) securing and maintaining title to tenements;
- (f) obtaining consents and approvals necessary for the conduct of exploration and mining;
- (g) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees;
- (h) adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues; and
- (i) other risk factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices may affect successful project development and mining operations.

(b) **Economic Factors**

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. Our future possible revenues and Share and Option prices may be affected by these factors, which are beyond our control.

(c) **Value of Assets**

We have not conducted a formal valuation of the exploration assets or the Shares or Options . We make no representation as to the value of our exploration assets. There is a risk that our exploration assets will not yield any economically recoverable ore reserves.

We recommend that you seek independent professional advice as to the value of the exploration assets.

#### 4.5 **Financial Risks**

We may have difficulty in obtaining future equity or debt funding to support exploration programmes, evaluation and development of our tenements.

Our ability to raise further equity or debt, or to divest part of our interest in a tenement, and the terms of such transactions will vary according to a number of factors, including the success of exploration results and the future development of the tenements, stock market conditions and prices for commodities.

Should it subsequently be established that a mining production operation is technically, environmentally and economically viable, we will require substantial additional financing to establish mining operations and production facilities. We may not be able to raise the additional finances that may be required for future activities. Commodity prices, environmental regulations, environmental rehabilitation or restitution obligations, revenues, taxes, transportation costs, capital expenditures, operating expenses and technical aspects are all factors which will impact on the amount of additional capital that may be required.

In addition, any additional equity financing, or the exercising of Options, may dilute your existing shareholdings and debt financing, if available, may restrict financing and future activities. Additional financing may not be available on terms acceptable to us, or at all. If we fail to obtain additional financing, as needed, we may have to reduce the scope of our operations or anticipated expansion, forfeit our interest in some or all of our tenements, incur financial penalties and/ or reduce or terminate our operations.

#### 4.6 **Native Title Claims and Indigenous Lands**

Any native title claims which wholly or partially cover the Company's tenements may impact upon planning and implementation of our future exploration programmes. The potential also exists for further native title claims to be lodged over any existing or future tenement area. Native title claims have the potential to cause significant delays to exploration.

As the Directors are not presently in a position to assess in detail the impact of native title claims upon our proposed operations, they consider the potential for native title claims to be lodged over the tenements to be a risk to investment.

#### 4.7 **Aboriginal Significant Sites**

We are required by Commonwealth and State legislation to identify and protect sites of significance to Aboriginal custom and tradition. It is possible that one or more sites of significance will exist in one or more of our prospective tenements. If any such sites are identified it may have the potential to halt exploration activities and impact upon the planning and implementation of future exploration programmes in circumstances where a declaration is made for the protection and preservation of the Aboriginal site or object.



#### 4.8 **Environmental Risks**

Mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. Exploration work will be carried out in a way that causes a minimum impact on the environment. Consistent with this, we may be required, in some cases, to undertake baseline environmental studies prior to certain exploration or mining activities, so that the environmental impact can be monitored, and as far as possible, minimised.

While we are not presently aware of any endangered species of fauna and flora within any of our tenements, no baseline environmental studies have been undertaken to date, and discovery of such could prevent further work in certain areas.

#### 4.9 **Commodity Prices**

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which we have an interest. Specifically, our profitability may be affected by changes in the prices of gold, base and rare metals as well as changes in the Australian dollar which are beyond our control.

## SECTION 5: RIGHTS AND LIABILITIES ATTACHING TO ENTITLEMENT OPTIONS AND TO UNDERLYING SHARES

### 5.1 Terms and Conditions of Entitlement Options

The Entitlement Options will be granted on the following terms and conditions:

- (a) Each Option is exercisable at \$0.25 (**Exercise Price**). An Optionholder, upon payment of the Exercise Price, is entitled to receive one Converted Share for each Option exercised (subject to possible adjustments referred to in (h) below).
- (b) 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. Options may be exercised at any one time or times within three years from the issue date (**Exercise Period**). Options not exercised within the Exercise Period will lapse.
- (c) The minimum number of Options exercisable at any time is 1,000. If Optionholders holding less than 1,000 Options determine to exercise their Options, they must exercise all their Options.
- (d) We will apply for Official Quotation of the Entitlement Options and Converted Shares which will participate equally in all respects with Shares, and will qualify for dividends declared after the date of their allotment.
- (e) Options are freely transferable.
- (f) An Optionholder may not participate in any further rights issues in respect of Shares unless the Optionholder receives Converted Shares before the record date for determining entitlements to the rights issue. We must give notice to the Optionholder of any upcoming rights issue before the record date for determining entitlements to the rights issue in accordance with the ASX Listing Rules.
- (g) If there is a bonus issue to Shareholders, an Optionholder will receive Options proportionate to the number of Shares they would have received under the bonus issue if they had Converted Shares prior to the record date for the bonus issue.
- (h) If we make a future 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 Converted Shares;

P = the average closing sale price per Share (weighted by reference to volume) recorded on the 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 per Share under the pro-rata rights issue;
- D = the dividend due but not yet paid on existing underlying Shares (except those to be issued under the pro rata issue); and
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share
- (i) If the issued capital of the Company is reorganised, Options will be reorganised to the extent necessary to comply with Listing Rules.

## 5.2 Shares

Converted Shares will rank equally with the Shares.

The rights and liabilities attaching to Shares are set out in the Constitution and are regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and general law.

The following is a summary of the rights and liabilities attaching to Shares:

### (a) General Meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

The Directors may convene a general meeting whenever they think fit. General meetings may also be called by the Shareholders or as ordered by a court under section 249D, 249E, 249F and 249G of the Corporations Act.

A notice of general meeting must be given in accordance with the Corporations Act and must specify the place, date and time of the meeting, the general nature of the business to be transacted at the meeting, information regarding a Shareholder's right to appoint a proxy, and if a special resolution is to be proposed at the meeting, the text of the special resolution.

The quorum for a meeting of the Shareholders is three Shareholders and the quorum must be present at all times during the meeting.

### (b) Voting

Subject to any rights or restrictions for the time being attached to any class of shares whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting every Shareholder present in person or by a representative has one vote on a show of hands and every Shareholder present in person or by a representative, proxy or attorney has one vote per Share on a poll. A Shareholder holding a partly paid Share is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the Share. A Shareholder is not entitled to vote unless all calls and other sums presently payable by the Shareholder in respect of Shares have been paid. Where there are two or more joint Shareholders and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), the Company will count only the vote cast by the Shareholder whose name appears before the other(s) in the Company's register.

### (c) Issues of Further Shares

The Directors may, on behalf of the Company, issue options over unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.

(d) **Variation of Rights**

At present, the Shares are the only class of shares on issue in the capital of the Company. The rights attached to the shares in any class may be altered only by special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(e) **Transfer of Shares**

Subject to the Constitution, the Corporations Act and the Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with ASTC Settlement Rules, by any other method of transferring or dealing introduced by the ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act. The Company may decline to register a transfer of Shares in the circumstances described in the Constitution and where permitted to do so under the Listing Rules. If the Company declines to register a transfer, the Company must, within five business days after the transfer is lodged with the Company, give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of Shares when required by law, the Listing Rules or the ASTC Settlement Rules.

(f) **Partly Paid Shares**

The Directors may, subject to compliance with the Constitution, the Corporations Act and the Listing Rules, issue partly paid Shares upon which amounts are or may become payable at a future time(s) in satisfaction of all or part of the unpaid issue price.

(g) **Dividends**

The Company in general meeting may declare a dividend if the Directors have recommended a dividend and a dividend shall not exceed the amount recommended by the Directors. The Directors may declare and authorise the payment to the Shareholders of such interim dividends as appear to the Directors to be justified by the Company's profits.

Subject to the rights of members entitled to shares with special rights as to dividend (if any), all dividends are apportioned and paid proportionately to the amounts paid or credited as paid-up on the Shares.

(h) **Winding Up**

Subject to the rights of holders of shares with special rights in a winding up, if the Company is wound up, members (including Shareholders) will be entitled to participate in any surplus assets of the Company in proportion to the Shares held by them respectively irrespective of the amount paid-up or credited as paid-up on the Shares.

**(i) Dividend Plans**

The Shareholders, in general meeting, may authorise the Directors to establish and maintain dividend plans under which (among other things) a Shareholder may elect to reinvest dividends payable to them by way of subscription for Shares or a Shareholder may elect to forego any dividends that may be payable on all or some of the Shares held by that Shareholder and to receive instead some other entitlement, including the issue of Shares.

**(j) Directors**

The Constitution states that the minimum number of Directors is three.

The Shareholders may appoint and remove a Director by ordinary resolution. The Board may appoint any person to be a Director to either fill a casual vacancy or as an addition to the existing Directors and any Director may appoint an alternate director approved by a majority of the Board.

The Listing Rules require that the Company hold an election of Directors by ordinary resolution each year. The Directors, other than a managing director, must not hold office (without re-election) past the third Annual General Meeting following the Director's appointment or three years, whichever is longer. However, a Director appointed by the Board to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next Annual General Meeting.

Under the Constitution, a Director ceases to hold office if the Director becomes bankrupt, becomes of unsound mind, becomes disqualified from being a Director, resigns, is removed, or has been absent without permission from three consecutive Directors' meetings.

Directors who have a direct or indirect material personal interest in a matter that is being considered at a Directors' meeting must not vote in respect of the matter or be present at the meeting while the matter is being considered, except as permitted by the Corporations Act.

**(k) Powers of the Board**

The Directors have the power to manage the business of the Company and may exercise that power to the exclusion of the Shareholders, except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution.

**(l) Compliance with Listing Rules**

The Constitution incorporates Appendix 15A of the Listing Rules. Accordingly, the following applies:

- (i) notwithstanding anything contained in the Constitution, if the Listing Rules prohibit an act being done, the act shall not be done;
- (ii) nothing contained in the Constitution prevents an act being done that the Listing Rules require to be done;
- (iii) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- (iv) if the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision;

- (v) if the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision; and
- (vi) if any provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

## SECTION 6: ADDITIONAL INFORMATION

### 6.1 Material Contracts

The Company has not entered into any material contracts prior to the date of this Prospectus other than those previously announced to the ASX.

- (a) Farm-in and Joint Venture Agreement dated 27 August 2010 between the Company and Broken Hill Operations Pty Ltd (**JV Agreement**)

On 27 August 2010, the Company notified CBH Resources Limited (**CBH**) that the Company had earned a 30% interest in a group of seven tenements which were the subject of the JV Agreement.

Subsequent to this earn-in, the joint venture parties agreed to a Deed of Variation (**Deed**). This Deed allows the Company to earn 75% equity (previously 65%) in the tenements by spending an additional \$3,000,000 over three years. This requires expenditure of \$750,000 in the first year and \$1,000,000 in the second year. CBH will hold 25% equity free carried (15% in the case of one tenement) until the commencement of a definitive feasibility study. The Company will manage the joint venture and CBH will have the rights to purchase lead and zinc concentrates produced from the tenements at commercial rates. A clawback arrangement in the original agreement was also eliminated from the Deed.

In a subsequent Letter of Further Variation (July 2011) the initial first year expenditure period was extended from 27 August 2011 to 30 November 2011. The Company intends to meet its expenditure obligations under the JV Agreement as varied.

- (b) Farm-in and Joint Venture Heads of Agreement dated 8 October 2010 between the Company and Golden Cross Resources Limited (**Farm-in Agreement**)

The Company entered into the Farm-in Agreement with Golden Cross Resources Limited (**GCR**) in relation to EL 7390 at Broken Hill. Under the Farm-in Agreement the Company has the right to explore for base metals and silver-gold minerals but not nickel-platinum group element minerals in ultramafic complexes.

To earn a 51% interest in the base metals, silver and gold the Company must spend a total of \$600,000 within five years from the date of the Farm-in Agreement. If the Company earns a 51% interest it may then spend an additional \$400,000 within a further two years to earn an 80% interest. The Company must spend at least \$50,000 in the first year of the Farm-in Agreement before it may withdraw. The Company has, at the date of this Prospectus, met its first year commitment under the Farm-in Agreement and does not intend to withdraw from the Farm-in Agreement.

### 6.2 Litigation

So far as the Directors are aware, there is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

### 6.3 Share trading history

The highest and lowest recorded closing market sale prices of the Shares quoted on the ASX during the three month period immediately prior to the date of this Prospectus and the last

closing market sale price of the Shares on the ASX on the last day that trading took place in the Shares prior to the date of this Prospectus is set out below.

	<b>Date</b>	<b>Price</b>
Highest	26 October 2011	\$0.18
Lowest	17 October 2011 and 18 October 2011	\$0.16
Last day of trading	3 November 2011	\$0.17

#### 6.4 **Board and management**

As noted in Section 1, the Board consists of:

- (a) Bob Besley – Chairman;
- (b) Christopher Torrey – Managing Director;
- (c) Gregory Jones – Non-executive Director;
- (d) Ian Plimer – Non-executive Director; and
- (e) Ian Hume – Non-executive Director.

For further information on our Board, please visit our website at [www.silvercityminerals.com.au](http://www.silvercityminerals.com.au).

#### 6.5 **Interests of Directors**

Except as disclosed in this Prospectus, no Director has, or had, within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or with the Entitlement Offer; or
- (c) the Entitlement Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director:

- (a) to induce him to become, or to qualify him as, a Director; or
- (b) for services rendered by him in connection with the formation or promotion of the Company or the Entitlement Offer.

The direct and indirect interests of the Directors in the securities of the Company as at the date of this Prospectus are as follows:

<b>Director</b>	<b>Shares</b>		<b>Current Options</b>	
	<b>Direct</b>	<b>Indirect</b>	<b>Direct</b>	<b>Indirect</b>
B Besley	-	600,000	-	500,000



C Torrey	10,000	130,000	2,000,000	-
G Jones	-	-	400,000	
I Plimer		1,010,000	-	-
I Hume	-	150,000	-	-

The Directors may, at their discretion, take up their Entitlement.

## 6.6 Interests of Experts and Advisers

Except as disclosed in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the date of this Prospectus, or has held at any time during the last two years prior to the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or with the Entitlement Offer; or
- (c) the Entitlement Offer,

nor has anyone paid, or agreed to pay, any amount or given, or agreed to give, any benefit to any such person in connection with the promotion or formation of the Company or with the Entitlement Offer.

Gadens Lawyers has acted as solicitors to the Company providing general advice to the Company and assisting in the preparation of this Prospectus. The Company estimates it will pay Gadens Lawyers a fee of \$25,000 for these services. During the two year period preceding the lodgement of this Prospectus with ASIC, we have paid Gadens Lawyers approximately \$85,000 for the provision of legal services.

## 6.7 Consents

Each of the parties referred to below:

- (a) does not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by any of those parties (unless expressly stated to the contrary in this Section);
- (b) has had no involvement in the preparation of this Prospectus (unless expressly stated to the contrary in this Section);
- (c) has not authorised or caused the issue of this Prospectus; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of the Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Gadens Lawyers has given, and at the date hereof has not withdrawn, its written consent to be named in this Prospectus as the Legal Advisers to the Company in the form and context in which it is named.

Boardroom Pty Limited has given, and at the date hereof has not withdrawn, its written consent to be named in this Prospectus as Share Registrar in the form and context in which it is named.

BDJ Partners has given, and at the date hereof has not withdrawn, its written consent to be named in this Prospectus as Auditor in the form and context in which it is named.

Copies of the consents referred to above are available for inspection, without charge, at the registered office of the Company during office hours.

There are other persons referred to in this Prospectus who have not made statements included in this Prospectus (including by incorporation by reference) nor are there any statements made in this Prospectus on the basis of any statements made by these persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

## 6.8 **Nature of this Prospectus**

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Entitlement Offer and the information reasonably necessary to make an informed assessment of:

- the effect of the Entitlement Offer on the Company; and
- the rights and liabilities attaching to the Entitlement Options.

You must read the Prospectus in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. You should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company.

## 6.9 **Continuous Disclosure and Documents Available for Inspection**

The Company is a 'disclosing entity' for the purposes of section 111AC of the Corporations Act. As such we are subject to regular reporting and disclosure obligations which require us to disclose to the ASX any information which we are aware of, or become aware of, concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at the ASX during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, an ASIC office.

The Entitlement Options are options to acquire Shares that are in the same class as the Shares of the Company that are and have been quoted on the ASX at all times in the three months before the date of this Prospectus.

We will provide a copy of each of the following documents, free of charge, to any person who asks for it, during the application period for this Prospectus:

- (a) the Company's annual financial report for the financial period ended 30 June 2011 (being the last annual financial report lodged with ASIC in relation to the Company before the issue of this Prospectus); and
- (b) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to in paragraph (a) above and before the lodgement of this Prospectus with ASIC being:

Date	Description
4 October 2011	Investor Presentation October 2011
6 October 2011	Drilling Commences at Stephens Trig Project
20 October 2011	Notice of Annual General Meeting and Proxy Form
27 October 2011	September 2011 Quarterly Activities Report
27 October 2011	September 2011 Appendix 5B Quarterly Cash Flow Report
2 November 2011	Golden King Drilling Commences

If you require any further information in relation to the Company, it is recommended that you take advantage of the ability to inspect or obtain copies of disclosures made by the Company as referred to above.

#### 6.10 Corporate Governance

The Board is responsible for the corporate governance of the Company and strives for high standards in this regard. The Board draws on relevant best practice principles, particularly those issued by the ASX Corporate Governance Council, to monitor the business and affairs of the Company on your behalf. Whilst the Board attempts to adhere to the principles proposed by the ASX, it is mindful that there may be some instances where compliance is not practicable for a company of our size.

For a full overview of our corporate governance policies, please visit our website at [www.silvercityminerals.com.au](http://www.silvercityminerals.com.au).

#### 6.11 Electronic Prospectus

Pursuant to ASIC Class Order 00/044, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please contact us and we will send you either a hard copy or a further electronic copy of the Prospectus free of charge.

We reserve the right not to accept an Entitlement and Acceptance Form from any Shareholder if we have reason to believe that when that Shareholder accessed the electronic version of the Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

**6.12 Expenses of the Entitlement Offer**

The estimated expenses connected with the Entitlement Offer, which are payable by the Company, are as follows:

ASIC lodgement fee	\$2,137
ASX fees	\$15,995
Legal fees	\$25,000
Share Registrar	\$11,319
<b>Total</b>	<b>\$54,451</b>

## **SECTION 7: DIRECTORS' CONSENTS**

Each Director of the Company has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent prior to lodgement of this Prospectus.

Dated 11 November 2011

A handwritten signature in black ink, appearing to read 'Christopher Torrey', with a long, sweeping horizontal stroke extending to the right.

**Christopher Torrey**  
Managing Director  
Silver City Minerals Limited

## SECTION 8: DEFINITIONS

**A\$ or \$** means an Australian dollar unless otherwise stated.

**AEST-DST** means Australian Eastern Standard Time – Daylight Savings Time.

**Application Money** means money received from Shareholders in respect of Entitlement Options.

**ASIC** means Australian Securities and Investments Commission.

**ASTC** means ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.

**ASTC Settlement Rules** means the operating rules of the ASTC and, to the extent that they are applicable, the operating rules of the ASX and the operating rules of Australian Clearing House Pty Limited ACN 001 314 503.

**ASX** means ASX Limited ACN 008 624 691.

**Board** means the board of Directors as constituted from time to time, unless the context indicates otherwise.

**CHESS** means ASX Clearing House Electronic Subregistry System.

**Company** means Silver City Minerals Limited ACN 130 933 309.

**Constitution** means the Company's constitution.

**Converted Shares** means Shares issued pursuant to the exercise of an Option (including Entitlement Options).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Current Options** means the 10,900,000 unlisted Options on issue in the Company as at the date of this Prospectus.

**Directors** mean the directors of the Company in office at the date of this Prospectus.

**Eligible Shareholder** means a Shareholder on the register of members of the Company on the Record Date.

**Entitlement** means the number of Entitlement Options issued to each Eligible Shareholder under this Prospectus.

**Entitlement Offer** means the offer made under this Prospectus in respect of a pro-rata issue of Options at an offer price of \$0.01 each on the basis of one Entitlement Option for every three Shares held by Eligible Shareholders.

**Entitlement Options** means the Options to be granted under the Entitlement Offer pursuant to this Prospectus.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Farm-in Agreement** means the Farm-in and Joint Venture Heads of Agreement dated 8 October 2010 between the Company and Golden Cross Resources Limited ACN 063 075 178.

**GST** means any tax, levy, charge or impost implemented under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) or an Act of the Parliament of the Commonwealth of Australia substantially in the form of, or which has a similar effect to, that Act.

**JV Agreement** means the Farm-in and Joint Venture Agreement dated 27 August 2010 between the Company and Broken Hill Operations Pty Ltd ACN 054920 893, a subsidiary of CBH Resources Limited ACN 009 423 858, as varied.

**Listing Rules** means the official listing rules of the ASX.

**Official Quotation** means official quotation by the ASX in accordance with the Listing Rules.

**Option** means an option to subscribe for one Share in the Company.

**Optionholder** means a holder of an Option.

**PlatSearch** means PlatSearch NL ACN 003 254 395 and its associates.

**Prospectus** means the prospectus constituted by this document.

**Record Date** means 21 November 2011.

**Section** refers to a section in this Prospectus.

**Sentient** means Sentient Executive GpIv Ltd.

**Share** means one fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Share Registry** means Boardroom Pty Ltd ACN 003 209 836.