

# SILVER CITY MINERALS LIMITED



## ASX ANNOUNCEMENT

16 December 2016

### Shareholder letter

Dear Shareholder,

On behalf of the Silver City Minerals team, I would like to take this opportunity to wish all of our shareholders a Merry Christmas and a safe and happy New Year.

This is also a good time to reflect on the progress that our Company has made in the last 12 months and to provide you with an overview of what lies ahead for Silver City Minerals in 2017.

Our Company has achieved a number of key milestones in 2016, including drilling at several projects in the Broken Hill and Cobar districts and the first pass assessment of the lithium potential of pegmatites at Broken Hill.

Silver City is ending the year with a strong balance sheet following the encouraging support we received for our capital raising in July. In addition our cash position will be further bolstered by a \$114,800 grant awarded by the NSW Government for three diamond drill holes at Razorback West. This grant, awarded through a peer review and advisory process, serves as an endorsement of the quality of the Silver City technical team.

A summary of Silver City's projects and an outlook for 2017 are outlined below.

#### **Broken Hill**

Over the past 12 months, we have maintained our focus on exploration for, and discovery of, zinc-lead-silver deposits in the world-class mineral province of Broken Hill.

The Company has completed drilling at a number of potential zinc-lead-silver targets. While results for Stephens Trig have already been released we anticipate analytical results for Razorback West in late December 2016 or early in 2017.

#### *Razorback West*

In the recently completed program, two holes (16RB019 and 16RB021) were designed to test coincident electromagnetic (EM) conductors and geochemical anomalies. Hole 16RB020 tested beneath lead-zinc mineralisation previously encountered in shallow RC holes.

Preliminary interpretation of holes 16RB019 and 021 suggest that the EM conductivity is responding to concentrations of pyrrhotite (iron sulphide) and chalcopyrite (copper sulphide). Minor lead and zinc sulphides were also observed.

Hole 16RB020 was designed to test beneath mineralisation encountered in RC holes drilled in 2012; and specifically to test the important part of the rock sequence for the presence of the prospective Hores Gneiss. A zone of disseminated lead and zinc sulphides was identified between 166 to 185 metres (ASX Release 30 November 2016).

#### *Balaclava*

The Company recently completed an EM survey at this project south of Broken Hill and has identified a shallow but strong conductor coincident with outcrops of "lode rocks" typical of Broken Hill. Further ground checking is anticipated prior to a proposed drilling program to test this.

#### *Stephens Trig*

A shallow drilling program at Stephens Trig was designed to assess the potential for open-pit ore in the up-plunge position of known lode horizons. The program confirmed the existence and the continuity of the lodes while indicating insufficient mineralisation for an open pit.

The Stephens Trig mineralised zone (including Trig South one kilometre to the southwest) still remains one of the largest and poorly exposed Broken Hill-type mineralised zones outside the Broken Hill line of lode. The mineralisation extends to the southwest of recent drilling and remains poorly explored. Silver City plans to conduct further detailed work, including rotary air blast (RAB) and geological modelling in order to assess potential for ore shoots.

#### *Pegmatites*

While focussed on our zinc-lead-silver exploration at Broken Hill, we took the opportunity to explore for lithium, potentially hosted in specific rocks known as pegmatites.

Although first-pass surface sampling of the pegmatites is yet to locate any targets of the size and grade likely to be required to support a lithium mineral resource, early results have confirmed our initial assessment that we are looking in the right place. Our geochemical work shows that pegmatites hosted in the tin-tungsten fields within low grade metamorphic rocks are of a particular fractionated type, which typically host lithium, niobium, and tantalum. This type of pegmatite located in the eastern part of the tenement package remains the focus of our work (ASX Release 27 September 2016, Quarterly Report September 2016).

Silver City is of the view that a discovery of lithium-bearing spodumene or amblygonite resources in Broken Hill has the potential to be developed in a short period due to the existing infrastructure, workforce and other mining operations in the area.

## **Cobar**

#### *Wilga Downs*

Last month we announced that drilling had commenced at the Wilga Downs copper-gold project, near Cobar, NSW. Wilga Downs is subject to a farm-in and joint venture agreement with Thomson Resources Ltd (ASX:TMZ).

Drilling is designed to target a number of coincident geophysical targets where early historic holes are located. The initial hole has just been completed, logged and samples despatched for analyses. Results are likely to be available early in January 2017.

## **Outlook**

Silver City Minerals has an outstanding tenement position around Broken Hill and we maintain our strong view that additional Broken Hill type zinc-lead-silver deposits remain to be discovered in the District.

The Silver City project portfolio encompasses the potential for a Company-making discovery of lead-zinc-silver at Broken Hill or copper-gold at Cobar. The added potential for lithium within the existing tenure at Broken Hill provides the Company with another previously unknown opportunity for discovery.

Further, investors can look forward to a number of potential near-term announcements. This includes the drilling results from Wilga Downs and Razorback West.

Once again, I would like to thank all of our shareholders for your support and wish you an enjoyable and safe Christmas and New Year.

I look forward to updating you all again on our progress early in the New Year.

## **SILVER CITY MINERALS LIMITED**



**Christopher Torrey**  
Managing Director

### ***ABOUT Silver City Minerals Limited***

*Silver City Minerals Limited (SCI) is a base and precious metal explorer with a strong focus 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 the world's largest accumulation of silver, lead and zinc; the Broken Hill Deposit. SCI was established in May 2008 and has been exploring the District where it controls Exploration Licences through 100% ownership and various joint venture agreements. It has a portfolio of highly prospective projects with drill-ready targets focused on high grade silver, gold and base-metals, and a pipeline of prospects moving toward the drill assessment stage. The Company continues to seek out quality projects for exploration and development.*

### ***Caution Regarding Forward Looking Information.***

*This document contains forward looking statements concerning Silver City Minerals Limited. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Silver City's beliefs, opinions and estimates of Silver City Minerals as of the dates the forward looking statements are made, and no obligation is assumed to update forward*

looking statements if these beliefs, opinions and estimates should change or to reflect other future development.

### **Competent Persons**

The information in this report that relates to Exploration Results is based on information compiled by Chris Torrey (BSc, MSc, RPGeo Mineral Exploration) who is a member of the Australian Institute of Geoscientists. Mr Torrey is the Managing Director, a shareholder and full time employee of Silver City Minerals Limited. Mr Torrey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a "Competent Person" as defined by the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Torrey consents to the inclusion in this Report of the matters based on this information in the form and context in which it appears.

## **CONTACT DETAILS**

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### **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
Yanina Barila	Alternate Director
Ivo Polovineo	Company Secretary

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