

SILVER CITY MINERALS LIMITED



Name & Address
Name & Address
Name & Address
Name & Address
Name & Address
Name & Address

No of Options Held

21 November 2014

Dear Option Holder

YOUR OPTIONS TO ACQUIRE SILVER CITY MINERALS LIMITED SHARES AT \$0.25 PER SHARE EXPIRE ON 19 DECEMBER 2014

We are writing to you as a registered holder of options (ASX: SCIO) in Silver City Minerals Limited to remind you that the options will expire at 5:00pm (Sydney time) on 19 December 2014.

Your option holding may be exercised in **whole or in part** by payment of \$0.25 for each option by no later than 19 December 2014. If payment is not received by 5:00pm (Sydney time) on 19 December 2014 the options will lapse and all rights under the options will cease at that time.

The courses of action available to you as a holder of these soon to expire options are:

- a) Exercise the options on or before 5.00pm (Sydney time) on 19 December 2014.
- b) Sell your options. Quotation of the options will cease at the close of trading on 15 December 2014.
- c) Do nothing (i.e. allow your options to expire). If you do not exercise or sell your options they will expire on 19 December 2014 and your right to subscribe for ordinary shares in Silver City Minerals Limited at \$0.25 per share will lapse.

There is no obligation on option holders to exercise their options. However, under paragraph 6.1 of Appendix 6A of the Australian Securities Exchange (**ASX**) Listing Rules, the Company is required to advise option holders of the information contained in this notice.

The market price of ordinary shares in Silver City Minerals Limited on ASX was 2.5 cents on 20 November 2014 being the last trading day prior to the date of this notice.

During the three (3) months preceding the date of this notice:

- the highest market sale price of ordinary shares on ASX was 5.2 cents on 26 August 2014; and
- the lowest market sale price of ordinary shares on ASX was 2.4 cents on 19 November 2014.

If you wish to exercise your options you must complete your "Notice of Exercise of Options" form accompanying this notice and forward it together with payment of \$0.25 per option exercised to be received no later than 5:00pm (Sydney time) on **19 December 2014** to the Company's share registry, being:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

OR

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000 Australia

If you have any further questions please do not hesitate to contact our Registry on telephone (within Australia) 1300 737 760 (outside Australia) +61 2 9260 9600, facsimile +61 2 9290 9655, or online at www.boardroomlimited.com.au.

Yours faithfully,

Ivo Polovineo
COMPANY SECRETARY

**Terms of Options
Silver City Minerals Limited**

- (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) The Company will apply for Official Quotation of the Entitlement Options. The Company will also apply for Official Quotation of 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. The Company 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 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 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.

NOTICE OF EXERCISE OF OPTION

To: Silver City Minerals Limited, C/- Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001

I / We.....
 Name of Option holder/s (Please use block letters)

.....
 Registered address of Option holder/s (Please use block letters)

hereby exercise my options to apply for

 (number in words) (in figures)

fully paid ordinary shares in the capital of Silver City Minerals Ltd and I/we enclose my/our cheque for \$.....
 in payment of such shares at \$0.25 per option subscription. I/we request that you allot me/us on the share register the number of shares to which I am/we are entitled and I/we agree to accept such shares subject to the Company's Constitution.

PLEASE SIGN HERE:

Shareholder 1 (Individual) <div style="border: 1px solid black; height: 40px; width: 100%; margin-top: 5px;"></div> Sole Director & Sole Company Secretary	Joint Shareholder 2 (Individual) <div style="border: 1px solid black; height: 40px; width: 100%; margin-top: 5px;"></div> Director	Joint Shareholder 3 (Individual) <div style="border: 1px solid black; height: 40px; width: 100%; margin-top: 5px;"></div> Director / Company Secretary
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Business Telephone No. () _____ Date _____