SILVER CITY MINERALS LIMITED



ASX ANNOUNCEMENT

30 August 2016

Zinc Project Awarded \$114,500 Drilling Grant

- Razorback West zinc project to get government backing in form of drilling grant
- Drilling to start as soon as Funding Deed is signed
- Optimistic for September start-up
- Razorback West has potential to host significant Broken Hill-type (BHT) mineralisation

Silver City Minerals Limited (ASX: SCI) ("Silver City" or "the Company") is pleased to announce that the New South Wales government has awarded the Company \$114,500 as part of the current Co-operative Drilling Program (Round 2). The monies are specifically designed to assist in a three hole diamond drilling program (approximately 1000 metres in total) to test targets at the Razorback West zinc project 15 kilometres northeast of Broken Hill.

The Project

Silver City considers Razorback West to be the northern, fault-offset continuation of the Broken Hill mine corridor. As such, it has potential to host a significant Broken Hill-type (BHT) orebody.

The project is largely overlain by a veneer of shallow soil and alluvial cover, and for this reason appears not to have attracted significant attention from previous explorers. It was not until Silver City acquired the tenure that it became apparent that the rocks within the exploration licence represent a considerable exploration opportunity.

SCI has conducted detailed rotary airblast (RAB) geochemical programs, a variety of geophysical surveys and preliminary drilling. This work shows that not only are the rocks part of the important ore-hosting Broken Hill Group, they are also enriched in zinc, lead and manganese; three important elements in the famous Broken Hill deposit and mine corridor.

Early RC drilling returned broad intersections of low grade lead and zinc. The anomalous and prospective rock sequence extends for at least 5 kilometres in a north-east direction and is 200 to 400 metres wide (Figure 1).

The three drill holes designed as part of the upcoming program will extend to depths of 300 to 400 metres. They will test two coincident geochemical and electromagnetic targets and an excellent geological target.

Comment

Bob Besley, the Chairman of Silver City Minerals commented: "It has always surprised me that despite its close proximity to the world's largest and richest zinc-lead-silver deposit, the Razorback area has had little exploration attention. Prior to Silver City becoming involved there had never been a drill hole in the entire Razorback corridor, a testimony to the paucity of exploration here and elsewhere in the district.

The government grant is an excellent endorsement of the technical ability and tenacity of the Silver City team and its Broken Hill-based geological consultants."

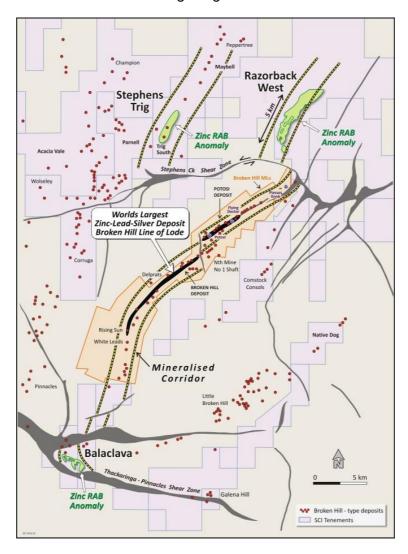


Figure 1 Location or the Razorback West zinc project in relation to the Broken Hill Zinc-Lead- Silver Deposit

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 basemetals, 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.

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