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Listings Compliance (Sydney)
ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

COMPLETION OF ACQUISITION OF WA HIGH-GRADE AUSTIN GOLD PROJECT

DIAMOND DRILLING SCHEDULED TO COMMENCE IN AUGUST

Highlights

- Silver City completes the acquisition of an 80% interest in the highly prospective Austin Gold Project (“Austin Gold Project”) from Gardner Mining Pty Ltd (“Vendor” or “Gardner Mining”) through the acquisition of Gardner Tenements Pty Ltd (“GT”).
- The Austin Gold Project is located in the prolific Murchison gold mining district and occurs adjacent to Musgrave Minerals Limited (ASX:MGV) Cue Gold Project, including the high-grade Break of Day group of deposits and recent discoveries.
- Appointment of Mr Darren White to the Board of Silver City, the Vendor of the Austin Gold Project.
- Mr White also participated in Tranche 2 of the Placement for \$590,776, with further Director participation of \$50,000 following shareholder approval on 5 July 2021.
- Significant exploration program about to commence to follow up highly promising previous work such as:
 - Drilling intercept of 6 m at 15.8 g/t Au from 36 m (Brunswick Hill Prospect)¹; and
 - Visible gold in surface veins returning assays up to 1,109 g/t gold (Brians Prospect).
- Drilling to commence shortly and expected to be ongoing for the next few months with:
 - Diamond drilling program scheduled to commence in August with drilling contractor secured for the program; and
 - RC and Aircore rigs also secured for September and October.

SCI Director, Mr Sonu Cheema commented, “Successful settlement completion of the transformational Austin Gold Project along with the appointment of Mr Darren White to the Board represents a significant step towards advancing Silver City’s gold exploration portfolio and creating shareholder value. The Company is well positioned and funded to generate value commencing with the exciting maiden drill program on the project in August. Our work to date has shown extensive gold present at surface which supplements the limited previous drilling that has intersected some incredibly high grade and shallow gold. We look forward to keeping the market informed as drilling commences.”

Silver City Minerals Limited (ASX: **SCI**) (“**SCI**” or “**Company**”) is pleased to advise that it has now finalised its due diligence and completed the acquisition for an 80% interest in the Austin Gold Project through the acquisition of 80% of the shares in the capital of GT from the Vendor (“**Acquisition**”), as announced to the ASX on 7 April 2021. The Austin Gold Project is located in the highly prospective Murchison greenstone province of Western Australia, directly

adjacent to the Cue Gold Project owned by Musgrave Minerals Limited (ASX:MGV), which includes the high grade Break of Day Deposit and Starlight discovery (Figure 1).

The Company is delighted to welcome Mr Darren White to the board of SCI as a Non-executive Director. Mr White was appointed to the board on 23 July 2021. Mr White is a successful and well respected WA based businessman with over 30 years' experience in mining operations, in particular, key business areas of Drilling and Blasting.

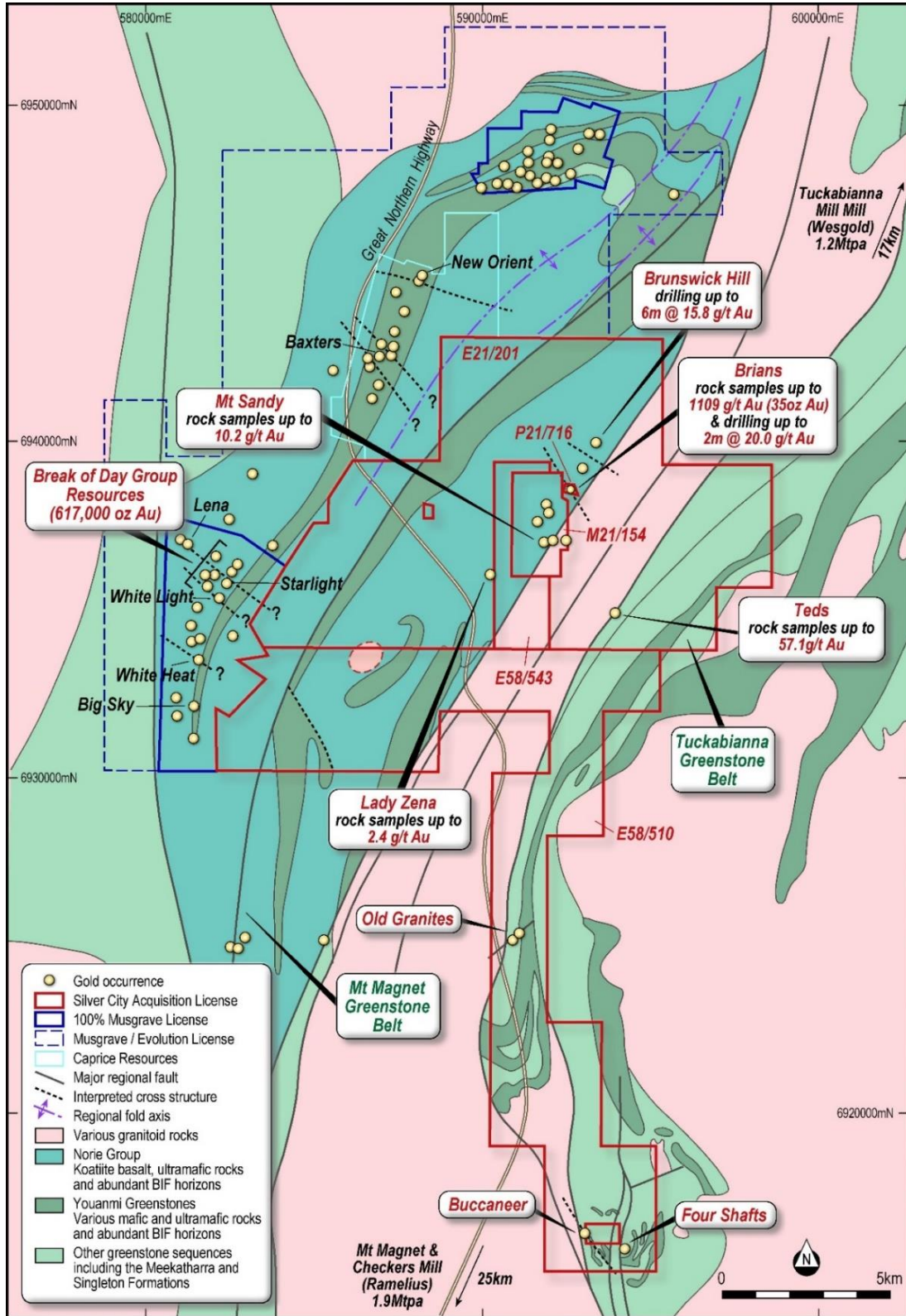


Figure 1: Interpreted geology map of the Mt Magnet and Tuckabianna Greenstone Belts showing the location of the Austin Gold Project tenement outlines with respect to the licenses held by Musgrave Minerals and Caprice Resource. Resource estimates by Musgrave Minerals are total combined Indicated and Inferred JORC 2012 estimates^{2,3,4}.

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Strategic Project Location

The Austin Gold Project is located 45 km north of Mt Magnet and comprises 175 square kilometres in the highly prospective Tuckabianna and Mt Magnet greenstone belts of the prolific Murchison gold mining district (Figure 1). The Murchison Province is reported to have historically produced over 17Moz of gold with significant current resources and exciting recent new discoveries by a variety of companies including Musgrave Minerals. The Austin Gold Project is also well located within 50 km of two operating mills held by Ramelius and Wesgold adjacent to the Great Northern Highway (Figure 1).

The Austin Gold Project is centred around one granted mining license at Mt Sandy and surrounded by three larger granted exploration licenses and one small prospecting license (Figure 1). The project has been privately held by various companies for over 20 years with very little modern day exploration programs conducted throughout the package. However, widespread alluvial and hard rock gold has been recovered near surface exposures throughout the package by prospectors over many years. A handful of shallow drill programs have been conducted in the past with significant gold results that have never been followed up adequately. Those results include a spectacular drill result of:

- **6 m at 15.8 g/t Au** from 36m (including **2 m at 43 g/t Au**) in BGRC-03 at the *Brunswick Hill* prospect¹;

Importantly, recent interpretation by the geological survey indicates that the majority of gold occurrences including the *Mt Sandy, Brians and Brunswick Hill* prospects occur on the eastern limb of the regionally folded Norie Group within the Mt Magnet Greenstone Belt (Figure 1). The extensive package held by Musgrave Minerals, including the *Break of Day* and *Lena* group of gold resources, occur on the western limb of the Norie Group. A number of new discoveries have been made by Musgrave Minerals including the high-grade *Starlight, White Light, White Heat and Big Sky* structures that have been shown to trend northwest (*Musgrave Minerals ASX Investor Presentation dated 14 December 2020, 1 February 2021, 19 March 2021 and 18 June 2021*). These structures have provided a breakthrough new understanding in the controls of the mineralisation in the district. Importantly, these northwest controlling structures are interpreted to project under cover onto the Austin Gold Project license (Figure 1).

Due diligence work by SCI includes a highlight discovery of quartz veins within the Brians prospect pit displaying abundant visible gold (Figure 2) that has not been followed up properly with drilling. For more details on the Austin Gold Project, including several new high-grade assays on rock samples and previous drilling intersections that have never been followed up refer to SCI announcements dated 7th, 12th and 19th April 2021.



Figure 2: Photograph of polished gossanous quartz vein with abundant visible gold recently sampled by the Company from the outcrop exposures in the north face of the *Brians* historic pit.

Imminent Drill Program

Various exploration programs are ongoing on the Austin Gold Project and a more detailed exploration update will be released shortly. However, SCI have been extremely fortunate to have successfully secured a diamond drill contract with Hagstrom Drilling with drilling to commence in August. The primary aim of the program is to conduct strategic drillholes in key prospect areas of known gold mineralisation to better understand and characterise the orientation of mineralisation in order to optimise its ongoing exploration strategy. The Company has also secured a RC Rig which is scheduled to arrive in September and an Aircore Rig which is scheduled to arrive in in late September or early October. The Company expects that it will be drilling for a number of months testing multiple prospects across the project which will be an exciting period of exploration for the Company.

Acquisition Overview

As announced on 7 April 2021, the Company executed a binding share sale and joint venture agreement ("**Agreement**") with the Vendor to acquire an 80% interest in GT, the owner of the tenements that comprise the Austin Gold Project, including M 21/154, E 21/201, P 21/716, E 58/543 and E 58/510 (together, the "**Tenements**"). A summary of the material terms of the Agreement are set out in the SCI announcement dated 7 April 2021.

In consideration for the Acquisition, on 23 July 2021 the Company issued 300,000,000 fully paid ordinary shares in the capital of SCI (**SCI Shares**) at a deemed issued price of \$0.015 per SCI Share (**Consideration Shares**) to the Vendor. The allotment of Consideration Shares to the Vendor was done so pursuant to obtaining shareholder approval at the General Meeting held on 5 July 2021.

Satisfaction of conditions

As a result of settlement of the Acquisition the following matters have been or are in the process of being satisfied as conditions precedent, including:

- the Vendor transferring ownership of the Tenements to GT so that GT is the legal and beneficial owner of 100% interest in the Tenements;
- completion of financial, legal and technical due diligence by SCI on GT and the Tenements and by the Vendor on SCI;
- completion of parties having obtained all third party approvals and consents necessary to lawfully complete the matters set out in the Agreement;
- completion of parties obtaining all necessary shareholder approvals pursuant to the ASX Listing Rules, *Corporations Act 2001* (Cth) or any other law to allow the parties to lawfully complete, including (without limitation) SCI obtaining shareholder approval pursuant to item 7, 611 of the Corporations Act for the allotment and issue of the Consideration Shares to the Vendor which was obtained at the Company's General Meeting held on 5 July 2021;
- there being no event occurring prior to the date of Settlement which materially and adversely affects the parties or the Tenements;
- SCI completed a capital raising of not less than \$1,000,000 at an issue price of not less than \$0.015 per SCI Share in two tranches ("**Placement**") (further detail of the Placement is set out below);
- the Vendor had submitted a mine closure plan in respect of M21/154 to the Department of Mines, Industry Regulation and Safety for approval and obtaining the approval on terms satisfactory to SCI; and
- SCI and the Vendor have entered a shareholders agreement (**JV Agreement**) (a summary of the material terms of the JV Agreement is set out below).

JV Agreement

SCI and Gardner Mining have formed an incorporated joint venture by entry into the JV Agreement for the purpose of exploration and development on the GT Tenements ("**Joint Venture**"). The Joint Venture commences on the Acquisition settlement date with the parties having the following interests in the Joint Venture:

- (a) SCI – 80%; and
- (b) Gardner Mining – 20%.

SCI will free carry the Vendor's interest in the Joint Venture until such time as the Company decides to proceed with a decision to mine or the agreement is terminated. SCI must fund exploration and development programs involving not less than 2 million dollars of joint venture expenditure over a period of 3 years. The JV Agreement otherwise contains standard terms for an agreement of its nature.

GT Board appointment

The Vendor has exercised its right to appoint Mr Darren White as a director who is to remain on the Board of GT to represent its 20% interest in the Joint Venture. The director appointed by the Vendor may only be removed or replaced by GT, subject to the provisions of the Corporations Act.

Placement

SCI has completed a placement of 100,000,000 FPO shares at \$0.015 per FPO share to raise \$1,500,000 before costs in satisfaction of the Placement condition. The Placement was settled in two tranches as follows:

1. Tranche 1 – as announced on 15 April 2021, SCI completed a placement of 57,281,600 SCI Shares to new and existing sophisticated investors to raise \$859,224 pursuant to the Company's existing capacity under ASX Listing Rule 7.1; and
2. Tranche 2 – as announced on 26 July 2021, SCI issued 42,718,400 SCI Shares to raise \$640,776 to related party participants following shareholder approval obtained at the SCI General Meeting held 5 July 2021. This includes Vendor participation for up to \$590,776 in Tranche 2 (being their pro-rata allocation to maintain the Vendors percentage ownership in the Company post the issue of the Consideration Shares) and Directors Sonu Cheema and Leo Horn participation in the Placement for a total of \$50,000.

This announcement has been authorised by the Board of Directors of Silver City Minerals Limited.

-ENDS-

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ABOUT Silver City Minerals Limited

Silver City Minerals Limited (SCI) is a base and precious metals explorer focused on the prolific mining districts of Broken Hill, the Cobar Basin and the Lachlan Fold Belt of New South Wales, Australia. The Company has also secured a significant ground holding of the Tallering Greenstone belt in the prolific Murchison gold mining region of Western Australia located 150 km south of the Golden Grove deposit.

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 STATEMENT

The information in this announcement that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr Leo Horn, a Competent Person. Mr Horn is a Director of Silver City Minerals and a member of the Australian Institute of Geoscientists. Mr Horn has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this announcement and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). Mr Horn consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

References:

¹Silver City Minerals Announcement 7 April 2021

²Musgrave Minerals Ltd. 11 November 2020. Break of Day High Grade Mineral Resource Estimate.

³Wesgold Resources Limited Annual Report 2020.

⁴Ramelius Resources Annual Report 2020.