

SILVER CITY MINERALS LIMITED



ASX ANNOUNCEMENT

4 July 2012

Zinc Intersections at Champion

- 4 metres at 9.0% zinc from 33 metres in Hole 12CH001.
- 3 metres at 6.7% zinc from 26 metres in Hole 12CH002.
- 2 metres at 1.7% zinc from 48 metres in Hole 12CH003.

Silver City Minerals Limited (ASX:SCI) is pleased to report that positive results have been received from its first-pass drilling program at the old Champion Mine, located approximately 20 kilometres north of Broken Hill, New South Wales, Australia. The Company has completed three shallow reverse circulation (RC) drill holes to test mineralisation around the historic mine. Results are outlined in Table 1 and drill hole details in Table 2.

Table 1 Significant Drillhole Results Champion Prospect

Hole No.	From (metres)	Intersection (metres)	Zinc (%)
12CH001	21	22	2.1
Including	33	4	9.0
12CH002	26	3	6.7
12CH003	44	7	0.9
Including	46	2	1.7

Champion Background

The Champion lode horizon extends for approximately 400 metres and comprises gossanous and granular quartz-gahnite-garnet rock, which ranges in thickness from 1 to 20 metres (Figure 1). Old mine shafts and prospecting pits occur intermittently along the lode, although no production was recorded. Sphalerite (zinc sulphide) and gahnite (zinc spinel) are common on old mine dumps. One of three historic drill holes, drilled in the 1970s and 1980s; hole CH3, reportedly intersected a 30 metre zone described as "lodey rock". No assays are available for this hole.

Geological interpretation based on mapping by Silver City Minerals suggests that a 20 to 25 metres zone of gossanous quartz-gahnite-garnet lode rock formed in the nose of a tight fold between the northern-most mine shafts. Stacked, multiple lode horizons caused by tight folding have the potential to provide significant lode thicknesses. Historic hole CH3 hosted broad zones of lode rock which were never assayed.

The Company believes that the presence of significant mineable tonnages is possible, should the thicker zones host high grade material. The results of the Silver City drilling show that broad zones of low grade zinc occur with estimated true thicknesses up to 20 metres. These contain high grade sulphide-rich zones estimated to be 2 to 3 metres thick (Figure 2).

Table 2 Drill Hole Information.

Hole No.	East (GDA)	North (GDA)	Azimuth (Degrees)	Declination (degrees)	Total Depth (metres)
12CH001	538864	6482592	130	-60	97
12CH002	538908	6482662	130	-60	58
12CH003	538898	6482664	130	-77	76

Compliance Note: Individual 1 metre samples were collected using a cyclone splitter for a nominal sample size of approximately 2 kilograms per sample. In addition a spear-sample of the bulk on-site sample was collected in 3 metres composites for a nominal sample size of 2 kilograms. Analyses of the 3 metre composites were completed for all holes and the 1 metre samples were submitted only if there was visual evidence of mineralisation. Analytical methods were aqua regia ICP-AES (ALS Global Codes ME-ICP41 and OG46; www.alsglobal.com). This analytical technique does not tend to detect the zinc content of the mineral gahnite. As a consequence it is considered by the Company to more accurately reflect the zinc content of sphalerite the main economic sulphide mineral sought. For quality control analytical standards were inserted approximately every 30th sample and duplicates were taken every 30th sample.

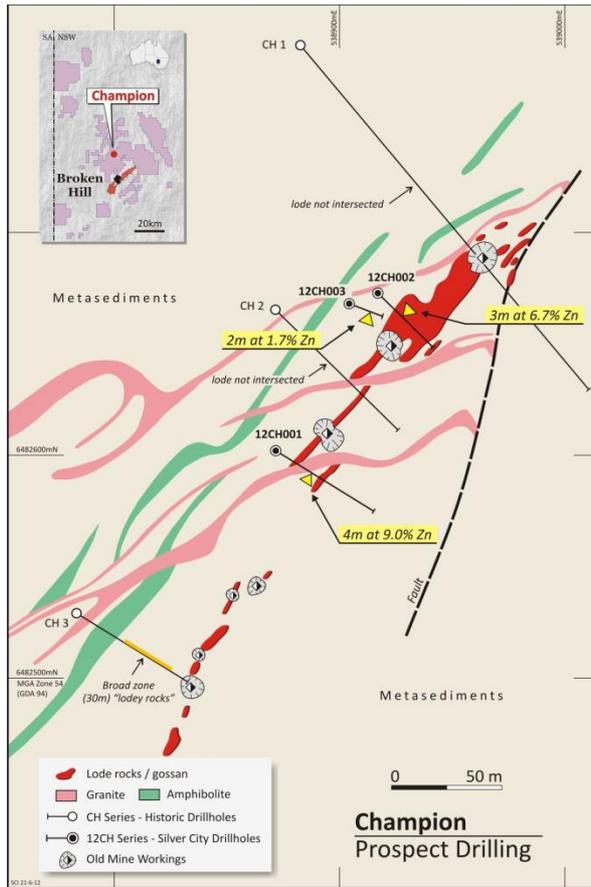


Figure 1. Drill hole locality and interpretive geological plan.

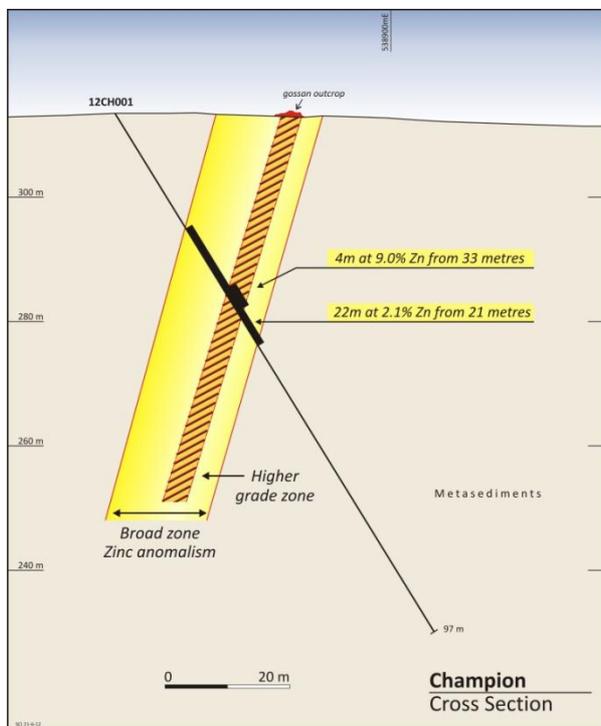


Figure 2. Cross-section showing high grade sulphide intersection enclosed in a broad zone of zinc anomalism.

For personal use only

SILVER CITY MINERALS LIMITED


Christopher Torrey
Managing Director

Competent Person

The information in this report that relates to Exploration Results is based on information compiled by Chris Torrey (BSc, MSc, RPGeo.) who is a member of the Australian Institute of Geoscientists. Mr Torrey is the Managing Director 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 2004 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.

ABOUT Silver City Minerals Limited

Silver City Minerals Limited (SCI) is a base and precious metal explorer focused 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 one of the world's largest accumulations of silver, lead and zinc; the Broken Hill Deposit. SCI was established in May 2008 to explore specifically in the District where it controls Exploration tenements through 100% ownership and various Sale and Joint Venture agreements. It has a portfolio of highly prospective ground with drill-ready targets focused on high grade silver, gold and base-metals, and a pipeline of prospects moving toward the drill assessment stage.

CONTACT DETAILS**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
Gordon McLean	Exploration Manager

Registered Office

Level 1, 80 Chandos Street, St Leonards, NSW 2065
PO Box 956, Crows Nest, NSW 1585, Australia
Ph: +61 2 9437 1737
Fax: +61 2 9906 5233
Email: info@silvercityminerals.com.au
Web: www.silvercityminerals.com.au