

# SILVER CITY MINERALS LIMITED

ABN 68 130 933 309

## HALF YEAR FINANCIAL REPORT 31 DECEMBER 2019

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# Directors' Report

Your directors submit their report for Silver City Minerals Limited for the half year ended 31 December 2019.

## Directors

The names of the Company's Directors in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

**Josh Puckridge** Non-Executive Director

**Roland Gotthard** Non-Executive Director

(Appointed 21 February 2020)

**Tom Pickett** Non-Executive Director

**Darren Wates** Non-Executive Director

(Resigned 21 February 2020)

## Review and results of operations

Silver City Minerals holds a considerable portfolio of mineral exploration tenure in the highly endowed and highly prospective Broken Hill region of the Curnamona Province, understood to be one of the largest single company holdings in the area. The Company's Projects include Copper Blow, interpreted to be an Iron Oxide Copper Gold (IOCG) deposit, the Razorback West Project and tenure over the Euriowie Block including the Yalcowinna Cu-Co prospect.

To date the Company had drilled approximately 8,500 metres at Copper Blow prospect (see ASX Release 4 October 2018). Drill testing had tested the mineral system over a strike length of 1 kilometre where the mineralisation demonstrates the geological characteristics of an iron oxide copper gold deposit (IOCG), similar to those which form within an arcuate domain on the eastern side of the Gawler Craton in South Australia.

During the half year, the Company engaged BinEx Consulting Pty Ltd to review the Company's projects and determine key priority targets within the Companies extensive portfolio. The Company also continues to receive interest from third parties in relation to the portfolio. The Activities during the half year focused on maintaining the Company tenure in good stead, with substantial work related to validation and verification of historical exploration activities, database validation and significant work addressing statutory compliance and reporting activities with the NSW Department of Natural Resources and Mines. The Company has progressed ongoing monitoring of historical rehabilitation commitments.

Subsequent to the end of the December Quarter, on 2 January 2020, the Company issued 20,000,000 fully paid ordinary shares at an issue price of \$0.01 per fully paid ordinary share to raise \$200,000. The Placement has been conducted pursuant to ASX Listing Rule 7.1 to fund the Company's ongoing exploration activities, business development and general working capital.

On 11 March, the Company announced that it had entered into a binding option agreement with Syndicate Minerals Pty Ltd to acquire its holdings in ELA 5852 Wellington. The Wellington Project is located within and adjacent to the Molong Volcanic Belt, an Ordovician volcanic belt within the Lachlan Fold Belt, with prospectivity for porphyry copper gold mineralisation.

## Financial results for the half year

The net loss after income tax expense for the half year to 31 December 2019 amounted to \$293,728 (2018: \$1,237,737).

## Principal activities

The principal activity of the Company is exploration for the discovery and delineation of high grade base and precious metal deposits with a focus on the Broken Hill domain of NSW and the development of those resources into economic, cash flow generating businesses.

## Dividends

No dividends were paid or proposed during the period.

## Significant events after the balance date

There were, at the date of this report, no matters or circumstances which have arisen since 31 December 2019 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than:

- On 2 January 2020, the Company issued 20,000,000 fully paid ordinary shares at an issue price of \$0.01 per fully paid ordinary share to raise \$200,000.
- On 21 February 2020, the Company announced the appointment of Mr. Roland Gotthard and resignation of Mr. Darren Wates.

## Auditor's independence declaration

A copy of the Auditor's Independence Declaration to the Directors as required under section 307C of the Corporations Act 2001 is set out on page 13.

Signed at Sydney this 12th day of March 2020 in accordance with a resolution of the directors.



Non-Executive Director

# Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
Revenue	4	691	224,072
ASX and ASIC fees		(20,019)	(29,000)
Audit fees		(15,000)	(13,900)
Contract administration services		(112,813)	(63,132)
Employee costs (net of costs recharged to exploration projects)		(60,462)	(149,938)
Exploration expenditure expensed		(16,665)	(1,066,006)
Insurance		6,369	(9,697)
Marketing and conference cost		(727)	(33,643)
Rent		(14,336)	(32,265)
Share based payments		-	(5,200)
Travel and accommodation		-	(12,229)
Other expenses from ordinary activities		(48,755)	(46,799)
Loss before income tax expense		(293,728)	(1,237,737)
Income tax expense			
Loss after income tax expense		(293,728)	(1,237,737)
Other comprehensive income			
Other comprehensive income for the period, net of tax			-
Total comprehensive income for the period			-
Total comprehensive loss attributable to members of Silver City Minerals Limited		(293,728)	(1,237,737)
Earnings per share			
Basic (loss) per share (cents per share)	10	(0.09)	(0.49)
Diluted (loss) per share (cents per share)	10	(0.09)	(0.49)

*The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

# Consolidated Statement of Financial Position

As at 31 December 2019

	Note	31 Dec 2019 \$	30 Jun 2019 \$
Current assets			
Cash assets	5	466,944	446,586
Receivables		46,336	35,189
Total current assets		513,280	481,775
Non-current assets			
Receivables		1,270	6,801
Tenement security deposits	7	160,000	160,000
Property, plant and equipment		5,288	5,288
Deferred exploration and evaluation expenditure	6	5,776,029	5,776,029
Total non-current assets		5,942,587	5,948,118
Total assets		6,455,867	6,429,893
Current liabilities			
Payables		81,507	42,005
Total current liabilities		81,507	42,005
Total liabilities		81,507	42,005
Net assets		6,374,360	6,387,888
Equity			
Contributed equity	8	18,877,302	18,597,102
Accumulated losses		(12,580,754)	(12,287,206)
Reserves	9	77,812	77,812
Total equity		6,374,360	6,387,888

*The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*

# Consolidated Statement of Changes in Equity

For the half year ended 31 December 2019

Note	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
At 1 July 2018	18,067,440	(10,761,763)	78,939	7,384,616
Loss for the period	-	(1,237,737)	-	(1,237,737)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,237,737)	-	(1,237,737)
Transactions with owners in their capacity as owners:				
Issue of share capital (net of share issue costs)	533,916	-	-	533,916
Share-based payments	-	-	5,200	5,200
Expired option value transferred to accumulated losses	-	4950	(4950)	-
Foreign currency translation	-	-	273	273
At 31 December 2018	18,601,356	(11,994,550)	79,462	6,636,268
At 1 July 2019	18,597,102	(12,287,206)	77,812	6,387,888
Loss for the period	-	(293,728)	-	(293,728)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(293,728)	-	(293,728)
Transactions with owners in their capacity as owners:				
Issue of share capital (net of share issue costs)	280,200	-	-	280,200
Share-based payments	-	-	-	-
Expired option value transferred to accumulated losses	-	-	-	-
Foreign currency translation	-	-	-	-
At 31 December 2019	18,877,302	(12,580,754)	77,812	6,374,360

*The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

# Consolidated Statement of Cash Flows

For the half year ended 31 December 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
Cash flows from operating activities			
Payment to suppliers and employees		(240,880)	(354,723)
JV income		-	258,453
R&D tax offset		-	37,035
Interest received		691	5,987
Net cash flows from/(used in) operating activities		(240,189)	(53,248)
Cash flows from investing activities			
Purchase of motor vehicle and fixed assets		-	(4,723)
Expenditure on mining interests (exploration)		(25,184)	(757,654)
Tenement security deposits		-	-
Rental Deposit		5,531	(5,521)
Net cash flows (used in) investing activities		(19,653)	(767,898)
Cash flows from financing activities			
Proceeds from issue of equity		300,000	570,000
Equity raising expenses		(19,800)	(44,200)
Net cash flows from financing activities		280,200	525,800
Net increase (decrease) in cash held		20,358	(295,346)
Net foreign exchange differences		-	-
Add opening cash brought forward		446,586	1,170,664
Closing cash carried forward	5	466,944	875,318

*The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2019

## 1. Corporate information

The financial report of Silver City Minerals Limited (the Company) for the half year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 12 March 2020. Silver City Minerals Limited (the parent) is a company incorporated in Australia and Limited by shares which are publicly traded on the Australian Securities Exchange using the ASX code SCI.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

## 2. Summary of significant accounting policies

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half year financial report should be read in conjunction with the Annual Financial Report of SCI as at 30 June 2019.

It is also recommended that the half year financial report be considered together with any public announcements made by SCI during the half year ended 31 December 2019 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

### Basis of preparation

The half year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements. The half year financial report has been prepared on a historical cost basis.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete report period.

### Significant accounting policies

The half year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2019.

Management has reviewed and assessed the new accounting standards effective 1 July 2019 and these have been deemed to be not material to the Group.

### Fair value measurement

The carrying amounts of the Group's assets and liabilities are a reasonable approximation of their fair values with the exception of deferred exploration and evaluation expenditure.

### Basis of consolidation

The half year consolidated financial statements comprise the financial statements of Silver City Minerals Limited and its subsidiaries (the Group). The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. The subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2019

## 3. Segment information

The operating segments identified by management are as follows:

Exploration projects funded directly by Silver City Minerals Limited ("Exploration")

Regarding the Exploration segment, the Chief Operating Decision Maker (the Board of directors) receives information on the exploration expenditure incurred. This information is disclosed in Note 6 of this financial report. No segment revenues are disclosed as each exploration tenement is not at a stage where revenues have been earned. Furthermore, no segment costs are disclosed as all segment expenditure is capitalised, with the exception of expenditure written off which is disclosed in Note 6.

Financial information about each of these tenements is reported to the Managing Director on an ongoing basis.

Corporate office activities are not allocated to operating segments as they are not considered part of the core operations of any segment and comprise of the following:

- ▶ Interest revenue
- ▶ Corporate costs
- ▶ Depreciation and amortisation of non-project specific property, plant and equipment

The Group's accounting policy for reporting segments is consistent with that disclosed in Note 2.

## 4. Revenue

Interest received  
R&D tax concession  
JV income  
Other

31 Dec 2019 \$	31 Dec 2018 \$
691	4,988
-	37,035
-	147,447
-	34,602
691	224,072

## 5. Cash and cash equivalents

Cash at bank  
Money market securities – bank deposits

31 Dec 2019 \$	30 Jun 2019 \$
466,944	186,523
-	260,063
466,944	446,586

## 6. Deferred exploration and evaluation expenditure

Costs brought forward  
Costs incurred during the period  
Expenditure written off during the period  
Costs carried forward

31 Dec 2019 \$	30 Jun 2019 \$
5,776,029	6,113,964
16,665	769,287
(16,665)	(1,107,222)
5,796,029	5,776,029



# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2019

## 7. Contingent assets and liabilities

The Group has provided guarantees totalling \$160,000 (30 June 2019: \$160,000) in respect of exploration tenements. These guarantees in respect of mining tenements are secured against deposits a banking institution. The Group does not expect to incur any material liability in respect of the guarantees.

## 8. Contributed equity

Share capital  
323,710,253 fully paid ordinary shares  
(30 Jun 19: 293,710,253)  
Option issue consideration reserve  
11,722,540 (30 June 2019: 11,722,540) unlisted options on  
issue  
Share issue costs

31 Dec 2019 \$	30 Jun 2019 \$
20,002,464	19,702,464
-	
313,995	313,995
(1,439,157)	(1,419,357)
18,877,302	18,597,102

Movements in ordinary shares on issue  
At 31 December 2018  
At 30 June 2019  
Shares issued  
At 31 December 2019

Number	\$
293,710,253	19,702,464
293,710,253	19,702,464
30,000,000	280,200
323,710,253	19,982,664

(i) In October 2019, 30,000,000 shares were issued at \$0.02 per share under a share placement.

### Terms and conditions of contributed equity

#### Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

#### Options

- Options do not carry voting rights or rights to dividend until options are exercised.

# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2019

## 9. Reserves

### Share based payments

#### Movements in share based payments

At 31 December 2018

Options expired

At 30 June 2019

At 31 December 2019

Number	\$
10,500,000	85,100
-	(1,650)
10,500,000	83,450
10,500,000	83,450

### Foreign currency translation reserve

An additional amount of (\$5,638) (30 June 2019: (\$5,638)) is in a Foreign Currency Translation Reserve.

## 10. Earnings per share

Basic earnings (loss) per share

Diluted earnings (loss) per share

Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS

Earnings (loss) used in calculating basic and diluted EPS

31 Dec 2019	31 Dec 2018
Cents per share	Cents per share
(0.09)	(0.49)
(0/09)	(0.49)
Number	Number
302,677,644	250,329,561
\$	\$
(293,728)	(1,237,537)

## 11. Events after the balance sheet date

There were, at the date of this report, no matters or circumstances which have arisen since 31 December 2019 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than:

- On 2 January 2020, the Company issued 20,000,000 fully paid ordinary shares at an issue price of \$0.01 per fully paid ordinary share to raise \$200,000.
- On 21 February 2020, the Company announced the appointment of Mr. Roland Gotthard and resignation of Mr. Darren Wates.
- On 11 March 2020, the Company announced that it had entered into a binding option agreement with Syndicate Minerals Pty Ltd to acquire its holdings in ELA 5852 Wellington. The Wellington Project is located within and adjacent to the Molong Volcanic Belt, an Ordovician volcanic belt within the Lachlan Fold Belt, with prospectivity for porphyry copper gold mineralisation.

## Directors' Declaration

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In accordance with a resolution of the directors of Silver City Minerals Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
  - (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and the performance for the half year ended on that date; and
  - (ii) Complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Non-Executive Director

Perth, 12 March 2020

# Independent Auditor's Review Report

To the members of Silver City Minerals Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Silver City Minerals Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

## Directors' Responsibility for the Half-Year Financial Report

The directors of Silver City Minerals Limited (the company) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Silver City Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Advice

Super

Audit

Loans

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## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Silver City Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Silver City Minerals Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

BDJ Partners



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Anthony J Dowell  
Partner

12 March 2020

Tax

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**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Silver City Minerals Limited and Controlled Entities**

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2019 there have been:

- a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

BDJ Partners

Anthony J Dowell  
Partner

11 March 2020

**Tax**

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# Corporate Directory

## Silver City Minerals Limited

ABN 68 130 933 309

### Directors

Josh Puckridge	Non-Executive Director
Roland Gotthard	Non-Executive Director (Appointed 20 February 2020)
Darren Wates	Non-Executive Director (Appointed 28 February 2019, Resigned 20 February 2020)
Tom Pickett	Non-Executive Director (Appointed 28 February 2019)

### Company Secretary

Sonu Cheema (Appointed 28 February 2019)

### Registered and Administration Office

Level 2, 330 Churchill Avenue Subiaco WA 6008  
Telephone: +61 8 6489 1600  
Website: [www.silvercityminerals.com.au](http://www.silvercityminerals.com.au)  
E-mail: [reception@cicerogroup.com.au](mailto:reception@cicerogroup.com.au)

### Share Registry

Boardroom Pty Limited  
GPO Box 3993  
Sydney, NSW 2001  
Telephone: +61 2 9290 9600  
Email: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)  
Website: [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

### Auditors

BDJ Partners

### Bankers

National Australia Bank

### Securities Exchange Listing

Listed on Australian Securities Exchange Limited  
ASX Code: SCI

### Tenement Schedule 31 December 2019

TenementId	Project	Holder1
EL 7300	ARAGON	SICM
EL 7390	YELLOWSTONE	SICM
EL 8020	RIDDOCK	SICM
EL 8075	WILLYAMA	SICM
EL 8077	RAZORBACK	SICM
EL 8078	YALCOWINNA	SICM
EL 8236	NATIVE DOG	SICM
EL 8333	ENMORE	SICM
EL 8495	SOUTHERN CROSS	SICM
EL 8579	TINDERY	SICM
EL 8685	ASPEN	SICM
EL 8862	CLEVEDALE	SICM
EL 8863	HIMALAYA	SICM