

# SILVER CITY MINERALS LIMITED

ABN 68 130 933 309

## HALF YEAR FINANCIAL REPORT 31 DECEMBER 2020

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# Directors' Report

Your directors submit their report for Silver City Minerals Limited for the half year ended 31 December 2020.

## 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.

<b>Sonu Cheema</b>	Non-Executive Director and Company Secretary
<b>Leo Horn</b>	Non-Executive Director (appointed 1 October 2020)
<b>Tom Pickett</b>	Non-Executive Director
<b>Roland Gotthard</b>	Non-Executive Director (resigned 1 October 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 Euriovie Block including the Yalcowinna Cu-Co prospect.

During the half year, successfully completed and undertook the following corporate and exploration activities.

- Silver City exercised its option to acquire the Wellington Project, a highly prospective copper gold exploration package in the Lachlan Fold Belt, NSW and The Company announced the settlement of the Wellington Project Acquisition.
- Appointment of Leo Horn as a Non-executive Director of the Company.
- Silver City continued to evaluate further opportunities in the Lachlan Fold Belt and other base metal and precious metal opportunities within Australia.
- Silver City had secured a significant footprint in the prolific Talling Greenstone belt through its application for E59/2445 Talling in the Murchison region of Western Australia. E59/2445 covers circa 28 kilometres strike of VMS prospective felsic volcanic rocks of the same age and association as the massive Golden Grove deposit located 150km to the South. Compilation work and fieldwork is planned on grant of license early 2021.
- On 4 August 2020, SCI announced the completion of Placement through the issue of 100,000,000 fully paid ordinary shares at a price of \$0.015 per share to raise \$1,500,000 before costs.
- Tindery Gold Project (NSW): Extensive soil sampling and reconnaissance rock sampling program

commenced in December 2020. Completion of the survey set to commence in February. Results and interpretation due in the first quarter 2021.

- Broken Hill Project - Copper Blow Trend (NSW): Comprehensive multi-element assay program of previous drilling samples complete. Assay results compilation and interpretation due in the first quarter 2021.

## Financial results for the half year

The net loss after income tax expense for the half year to 31 December 2020 of \$657,787 (31 December 2019 loss of \$293,728).

## 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 & WA 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 2020 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.

## 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 in accordance with a resolution of the directors.



Sonu Cheema  
Non-Executive Director and Company Secretary  
12 March 2021

# Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Revenue	4	56,658	691
ASX and ASIC fees		(21,645)	(20,019)
Audit fees		(11,250)	(15,000)
Contract administration services		(80,368)	(102,027)
Employee costs (net of costs recharged to exploration projects)		(29,999)	(67,623)
Exploration expenditure expensed		(535,357)	(23,741)
Insurance		(13,100)	(6,369)
Marketing and conference cost		-	(727)
Rent		(2,346)	(14,336)
Other expenses from ordinary activities		(20,380)	(44,577)
Loss before income tax expense		(657,787)	(293,728)
Income tax expense		-	-
Loss after income tax expense		(657,787)	(293,728)
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		(657,787)	(293,728)
Earnings per share			
Basic (loss) per share (cents per share)	10	(0.14)	(0.09)
Diluted (loss) per share (cents per share)	10	(0.14)	(0.09)

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

# Consolidated Statement of Financial Position

As at 31 December 2020

	Note	31 Dec 2020 \$	30 Jun 2020 \$
Current assets			
Cash assets	5	1,733,281	650,725
Receivables		58,295	33,056
Total current assets		1,792,206	683,781
Non-current assets			
Receivables		780	1,270
Tenement security deposits	7	175,500	160,000
Property, plant and equipment		3,166	3,166
Deferred exploration and evaluation expenditure	6	5,629,847	5,772,324
Total non-current assets		5,809,293	5,936,760
Total assets		7,601,499	6,620,541
Current liabilities			
Payables		64,647	72,374
Total current liabilities		64,647	72,374
Total liabilities		64,647	72,374
Net assets		7,536,852	6,548,167
Equity			
Contributed equity	8	20,884,678	19,311,702
Accumulated losses		(13,420,884)	(12,763,097)
Reserves	9	73,058	(438)
Total equity		7,536,852	6,548,167

*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 2020

	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
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
At 31 December 2019	18,877,302	(12,580,754)	77,812	6,374,360
At 1 July 2020	19,311,702	(12,763,097)	(438)	6,548,167
Loss for the period	-	(657,787)	-	(657,787)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(657,787)	-	(657,787)
Transactions with owners in their capacity as owners:				
Issue of share capital (net of share issue costs)	1,400,726	-	-	1,400,726
Share-based payments	172,250	-	73,496	245,796
Expired option value transferred to accumulated	-	-	-	-
Foreign currency translation	-	-	-	-
At 31 December 2020	20,884,678	(13,420,884)	73,058	7,536,852

*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 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Cash flows from operating activities			
Payment to suppliers and employees		(279,035)	(240,880)
Other income received		11,000	-
Grants received		10,500	-
Interest received		3,158	691
Net cash flows from/(used in) operating activities		(254,377)	(240,189)
Cash flows from investing activities			
Proceeds from disposal of fixed assets		20,000	-
Expenditure on mining interests (exploration)		(68,533)	(25,184)
Tenement security deposits		(15,500)	-
Rental Deposit		490	5,531
Net cash flows (used in) investing activities		(63,543)	(19,653)
Cash flows from financing activities			
Proceeds from issue of equity		1,500,000	300,000
Equity raising expenses		(99,524)	(19,800)
Net cash flows from financing activities		1,400,476	280,200
Net increase (decrease) in cash held		1,082,556	20,358
Net foreign exchange differences		-	-
Add opening cash brought forward		650,725	446,586
Closing cash carried forward	5	1,733,281	466,944

*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 2020

## 1. Corporate information

The financial report of Silver City Minerals Limited (the Company) for the half year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 12 March 2021. 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 2020.

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 2020 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 2020.

Management has reviewed and assessed the new accounting standards effective 1 July 2020 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 2020

## 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  
Gain on disposal of asset  
Other income  
Grants

31 Dec 2020 \$	31 Dec 2019 \$
3,158	691
20,000	-
20,000	-
13,500	-
56,658	691

## 5. Cash and cash equivalents

Cash at bank  
Money market securities – bank deposits

31 Dec 2020 \$	30 Jun 2020 \$
27,538	45,172
1,705,743	600,397
1,733,281	650,725

## 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 2020 \$	30 Jun 2020 \$
5,772,324	5,776,029
343,274	(3,705)
(485,751)	-
5,629,847	5,772,324

# Notes to the Consolidated Financial Statements

For the half year ended 31 December 2020

## 7. Contingent assets and liabilities

The Group has provided guarantees totalling \$175,500 (30 June 2020: \$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

485,960,253 fully paid ordinary shares (30 June 20: 368,710,253)

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

### Share issue costs

### Option issue consideration reserve

31 Dec 2020 \$	30 Jun 2020 \$
22,118,364	20,445,864
(1,547,681)	(1,448,157)
313,995	313,995
20,884,678	19,311,702

### (a) Movements in ordinary shares on issue

#### At 31 December 2019

Shares issued

Shares issued

#### At 30 June 2020

Shares issued

Shares issued

#### At 31 December 2020

	Number	\$
	323,710,253	19,995,864
(i)	20,000,000	200,000
(ii)	25,000,000	250,000
	368,710,253	20,445,864
(iii)	17,250,000	172,500
(iv)	100,000,000	1,500,000
	485,960,253	22,118,364

(i) In January 2020, 20,000,000 fully paid ordinary shares were issued at \$0.01 per share under a share placement.

(ii) In March 2020, 25,000,000 fully paid ordinary shares were issued at \$0.01 per share under a share placement.

(iii) In July 2020, issue of 15,000,000 fully paid ordinary shares were issued at \$0.01 per share for consideration and 2,250,000 fully paid ordinary shares were issued at \$0.01 per share for introducer shares.

(iv) In August 2020, 100,000,000 fully paid ordinary shares were issued at \$0.015 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 2020

## 9. Reserves

### Share based payments

#### Movements in share based payments

At 31 December 2019

Options expired

**At 30 June 2020**

Options expired

Options issued

**At 31 December 2020**

Number	\$
10,500,000	83,450
(8,500,000)	(78,250)
2,000,000	5,200
-	-
8,625,000	73,495
10,625,000	78,695

### Foreign currency translation reserve

An additional amount of (\$5,638) (30 June 2020: (\$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 2020	31 Dec 2019
Cents per share	Cents per share
(0.14)	(0.09)
(0.14)	(0.09)
Number	Number
465,495,772	302,677,644
\$	\$
(657,787)	(293,728)

## 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 2020 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.

# 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 2020 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



Sonu Cheema  
Non-Executive Director and Company Secretary  
Perth, 12 March 2021

# 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 2020, 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 2020 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.

**Tax**

**Accounting**

**Financial  
Advice**

**Super**

**Audit**

**Loans**

Phone  
+61 2 9956 8500

Email  
bdj@bdj.com.au

Office  
Level 8, 124  
Walker Street  
North Sydney  
NSW 2060

Postal  
PO Box 1664,  
North Sydney  
NSW 2059

**bdj.com.au** .....

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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 2020 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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Gregory W Cliffe  
Partner

12 March 2021

Tax

Accounting

Financial  
Advice

Super

Audit

Loans

# 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 2020 there have been:

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

BDJ Partners



.....  
Gregory W Cliffe  
Partner

9 March 2021

**Tax**

**Accounting**

**Financial  
Advice**

**Super**

**Audit**

**Loans**

Phone  
+61 2 9956 8500

Email  
bdj@bdj.com.au

Office  
Level 8, 124  
Walker Street  
North Sydney  
NSW 2060

Postal  
PO Box 1664,  
North Sydney  
NSW 2059

**bdj.com.au** .....

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# Corporate Directory

## Silver City Minerals Limited

ABN 68 130 933 309

### Directors

Sonu Cheema	Non-Executive Director
Roland Gotthard	Non-Executive Director (Appointed 20 February 2020, Resigned 1 <sup>st</sup> October 2020)
Tom Pickett	Non-Executive Director (Appointed 28 February 2019)
Leo Horn	Non-Executive Director (Appointed 1 <sup>st</sup> October 2020)

### 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@cicergroup.com.au](mailto:reception@cicergroup.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 2020

Tenement	Status	Jurisdiction	Manager	Project	Holder's Shares	Current Area	Grant Date	Application Date	Expiry Date	Comments
EL 7300	LIVE	NSW	TSCM	KRAIGON	100	43	18/02/2009	22/08/2009	23/02/2021	EL 7300
EL 8075	LIVE	NSW	TSCM	RAZORBACK	100	40	13/04/2012	26/04/2012	13/04/2022	Previously ELA 1581, ELA 1583 and ELA 1586
EL 8076	LIVE	NSW	TSCM	WILLIAMS	100	40	13/04/2012	13/04/2012	13/04/2022	Previously ELA 4535
EL 8077	LIVE	NSW	TSCM	RAZORBACK	100	23	13/04/2012	13/04/2012	13/04/2022	Previously ELA 4653
EL 8078	LIVE	NSW	TSCM	WILLIAMS	100	36	13/04/2012	13/04/2012	13/04/2022	Previously ELA 4654
EL 8236	LIVE	NSW	TSCM	NATIVE DOGS	100	4	11/02/2014	11/11/2013	11/02/2020	Previously ELA 4925
EL 8333	LIVE	NSW	TSCM	ENMORE	100	5	17/12/2014	17/12/2014	17/12/2021	Previously ELA 5075
EL 8495	LIVE	NSW	TSCM	SOUTHERN CROSS	100	3	12/12/2014	26/09/2015	22/12/2020	Previously ELA 5382
EL 8579	LIVE	NSW	TSCM	FRUSERY	100	47	26/05/2017	17/12/2016	26/05/2023	Previously ELA 5439
EL 8662	LIVE	NSW	TSCM	AFRICA	100	1	25/02/2018	13/10/2017	13/02/2024	Previously ELA 5731 (ELA 5731 was applied for to consolidate EL 8074 and part of EL 8255)
EL 8863	LIVE	NSW	TSCM	CLEVEDALE	100	8	17/06/2019	3/10/2018	17/06/2025	Previously ELA 5732 (EL 5732 was applied for to consolidate EL 8076, part of EL 8255, EL 8629 and ELA 5702 plus some additional ground)
EL 8971	LIVE	NSW	TSCM	ORANGE	100	71	23/04/2020	1/01/1990	22/04/2025	Previously ELA 5852

Joint Venture	Percentage interest 31 December 2020	Percentage interest 30 June 2020
<b>Silver City Farm In and Joint Venture Agreement</b>		
EL 7300	85%	85%
EL 8075	75%	75%
<b>Silver City Broken Hill Project Sale Agreement – Variscan Mines Limited</b>		
ELs 8236 and 8075	75%	75%
<b>Agreement relating to EL 8078 (Yalcowinna – formerly Ziggy's EL 6036 and Eurilowie 7319) with Eaglehawk Geological Consulting Pty Ltd</b>		
EL 8078 (Eaglehawk has an 8% interest in this EL)	92%	92%
<b>Broken Hill Base Metals Project with Impact Minerals Limited</b>		
EL 7390 (JV terminated)	0%	20%
<b>Silver City JV with CBH</b>		
EL 8495	75%	75%
EL 8236	75%	75%
EL 8075	75%	75%
EL 8862	75%	75%
EL 8863	75%	75%