



ASX ANNOUNCEMENT

27 September 2011

Multiple High Grade Intersections at Allendale, near Broken Hill, NSW

Silver City Minerals Limited (ASX:SCI) is pleased to announce that it has intersected highly encouraging, high grade base-metal and silver in massive sulphide mineralisation at the multi-commodity Allendale project located in NSW, Australia. The Company considers this to be an excellent result from its first-pass, shallow drilling program with assays received from twenty drill holes. This drilling and historic diamond drill holes indicate mineralisation extends over a strike length of at least 300m and to depths of 200 metres. Silver City drill results include:

- **RCAN002** **10 metres at 16.1% lead plus zinc and 29.0g/t silver from 15 metres.**

 Including **1 metre at 38.3% lead plus zinc and 80.1 g/t silver from 15 metres.**
 And **2 metres at 33.8% lead plus zinc and 43.3 g/t silver from 18 metres.**

- **RCAN010** **7 metres at 4.8% lead plus zinc and 21g/t silver from 33 metres.**

- **RCAN011** **2 metres at 19.9% lead plus zinc and 39.2g/t silver from 47 metres.**

- **RCAN016** **9 metres at 5.6% lead plus zinc and 19.7 g/t silver from 111 metres.**

 Including **2 metres at 13.8% lead plus zinc and 51.2 g/t silver from 117 metres.**

- **RCAN017** **2 metres at 6.5% lead plus zinc and 21.4 g/t silver from 86 metres..**

- **RCAN018** **1 metre at 8.7% lead plus zinc and 37.9 g/t silver from 115 metres.**

- **RCAN019** **2 metres at 11.8% lead plus zinc and 44.3 g/t silver from 53 metres.**

 And **3 metres at 13.2% lead plus zinc and 31.0 g/t silver from 78 metres..**

- **RCAN020** **2 metres at 6.1% lead plus zinc and 13.1 g/t silver from 35 metres..**

Comment

Managing Director Chris Torrey commented, “... it is excellent to see such encouraging high grade results so close to the surface in our first-pass drilling program at Allendale. To my knowledge these base metal-rich intersections are the most significant published from Broken Hill-type mineralisation in the district outside the Broken Hill “Line of Lode” since the announcement of the Stephens Trig drill data in 2004⁽¹⁾. While we are still waiting for completed assays, these results, along with indications from our visual logging and portable XRF analyses, suggest the presence of a number of well mineralised horizons. A significant portion of the mineralisation sits on the margin of a distinctive amphibolite rock which has been mapped extensively in the area, providing an excellent target for future exploration. Geological and structural modelling of this unit has commenced and will greatly assist in targeting holes for the next, important round of drilling that has the potential to locate near-surface, high grade base-metal and silver resources.”

⁽¹⁾ Sipa Resources announcement to ASX 7 April 2004.

Silver City has completed twenty one reverse circulation drill holes close to the old Allendale mine for a total of 1829 metres (Figure 1). Samples from the first twenty holes have been analysed by laboratory service provider ALS Global using conventional analytical methods (Table1). High grades correlate well with zones of massive and semi-massive sulphide mineralisation logged in drill chips. The final hole (RCAN028) has been assessed using a portable X-ray fluorescence (XRF) analyser while laboratory results are awaited. In this hole sulphide minerals including sphalerite (zinc sulphide), galena (lead sulphide), chalcopyrite (copper sulphide) and pyrite (iron sulphide) have been visually identified over two intervals; 61 to 63 metres and 85 to 90 metres. XRF analyses conducted in the field on samples within these intervals indicate ranges of values for samples within these intervals of between 0% and 5.3% lead and 1% to greater than 10% zinc.

Silver City Drilling

The purpose of the Silver City program at the Allendale mine was to test mineralisation down to a level of approximately 100 metres below surface. This has been undertaken by drilling a series of section lines over the strike length approximately 300m. The section lines are between 25 and 50 metres apart and drill holes are located between 25 and 75 metres apart along the lines. The mineralised lode rocks dip eastward and most drill holes have drilled towards the west.

Geological modeling of mineralised horizons has commenced. Preliminary geological assessment suggests that one important lode is hosted near the margin of an amphibolite rock. For example, on section 6503090N significant mineralisation can be traced down dip (to the east) for over 60m from surface along this contact (Figure 2).

In addition to the twenty one holes located near old mine workings, the company has also completed three holes at the Allendale South prospect and one at Steakhouse prospect located approximately 1-1.5 kilometres south of the mine, along with four at the Sinclair’s prospect about 1.6 kilometres north of the mine. Results for these holes are pending.

Table 1. Allendale Reverse Circulation Drill Hole Results (Holes RCAN001 to RCAN020)

Hole Number	GDA94 East (m)	GDA94 North (m)	Azimuth (degrees)	Declination (degrees)	From (m)	Interval (m)	Silver (g/t)	Lead (%)	Zinc (%)
RCAN001	545708	6503073	0	-90	8	4	1.9	0.2	1.0
RCAN002	545709	6503097	0	-90	15	10	29.0	4.1	12.0
Including					15	1	80.1	12.0	26.3
And					18	2	43.3	6.4	27.4
And					38	1	3.0	0.4	1.2
RCAN003	545703	6503124	273.5	-60	19	2	1.9	0.2	1.4
RCAN004	545706	6503148	273.5	-60	20	1	0.5	0.0	1.7
RCAN005	545728	6503176	273.5	-60	18	2	1.7	0.1	1.2
And				-60	22	1	0.8	0.1	1.3
RCAN006	545748	650199	273.5	-60	19	1	2.3	0.1	1.2
RCAN007	545773	6503197	273.5	-60	24	1	0.8	0.0	1.9
RCAN008	545763	6503174	273.5	-60	11	1	0.0	0.0	1.2
And					19	6	2.7	0.5	3.0
And					31	5	9.1	0.4	2.8
RCAN009	545746	6503146	273.5	-60	17	1	1.4	0.1	1.7
And					22	4	4.1	0.4	4.9
Including					23	2	2.4	0.1	8.1
RCAN010	545745	6503099	273.5	-65	33	7	21.0	2.5	2.3
RCAN011	545775	6503148	273.5	-70	42	10	9.3	0.6	3.2
Including					47	2	39.2	8.4	11.5
And					57	4	4.0	0.2	4.4
RCAN013	545767	6503124	273.5	-70	51	6	9.5	1.2	1.4
RCAN014	545735	6502999	273.5	-70	16	1	1.4	0.2	1.0
And					69	1	4.0	0.4	2.3
RCAN016	545764	6503022	273.5	-80	24	5	12.2	0.3	3.2
And					111	9	19.7	2.5	3.1
Including					117	2	51.1	6.2	7.6
RCAN017	545786	6503076	273.5	-60	43	2	0.3	0.0	4.9
And					86	2	21.4	3.7	2.8
RCAN018	545803	6503047	273.5	-60	115	1	37.9	5.0	3.7
RCAN019	545750	6502946	273.5	-60	53	2	44.3	5.0	6.8
And					78	3	31.0	4.0	9.2
RCAN020	545761	6502998	273.5	-65	35	2	13.1	1.0	5.1
And					96	5	5.0	0.5	1.1

Note: Samples were collected every metre using a cyclone splitter. Analyses provided by ALS Global (www.alsglobal.com) using Method ME-ICP61 with follow-up of high grade zones by OG46 (Ag) and OG62 (Pb and Zn). Table 1 above presents all holes which contain results of greater than or equal to 1% zinc.

Background

The Allendale Project is located 40 kilometres north of Broken Hill, New South Wales, Australia. The drilling has been designed to test beneath the historic Allendale mine and a number of prospects north and south of the mine. Geological records show that the mine is hosted in the Parnell Formation of the Broken Hill Group. The rock types include garnet-biotite gneiss, amphibolite and both pelitic and psammitic metamorphosed sediments. Late pegmatites locally cut through the host sequences. Base metal sulphide mineralisation is hosted in at least four distinctive “lode rock” horizons comprising bluish granular quartz and garnet quartzite. Prior to 1990 the mine produced approximately 20,000 tonnes of massive sulphide rock with grades similar to those recorded at the Broken Hill deposit (in the order of 10 to 20% combine lead and zinc, and 50 to 100 g/t silver).

Five widely-spaced diamond core holes were drilled between 1969 and 1990. Four of these encountered mineralisation with one of the best intersections being in hole DDHA1, which returned 2.7 metres at 8.0% lead, 4.7% zinc and 55 g/t silver from 67.5 metres.

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 natural 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 Licences and Mineral Claims 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
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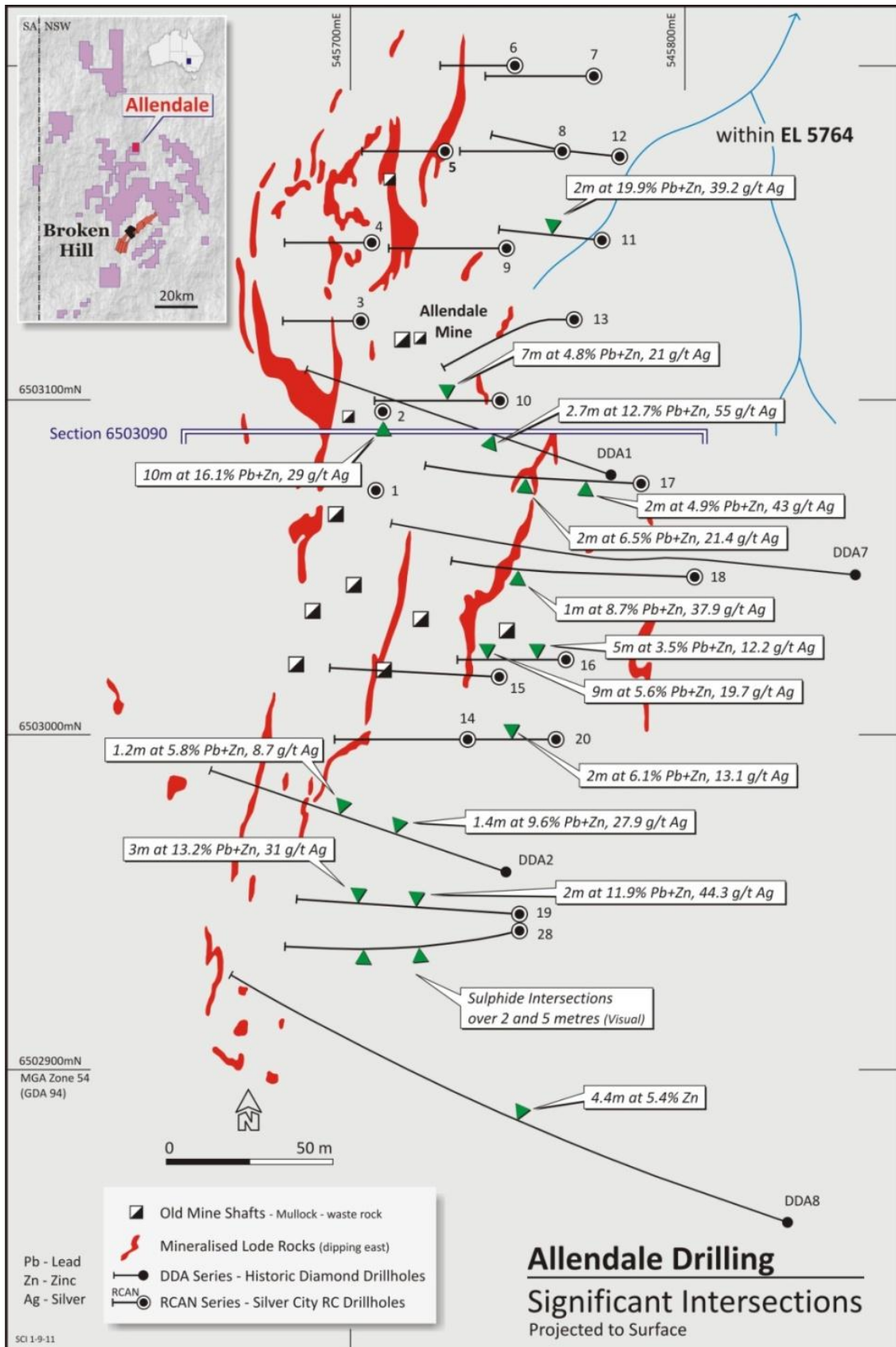


Figure 1. Allendale Drill Hole Locations and Significant Intersections

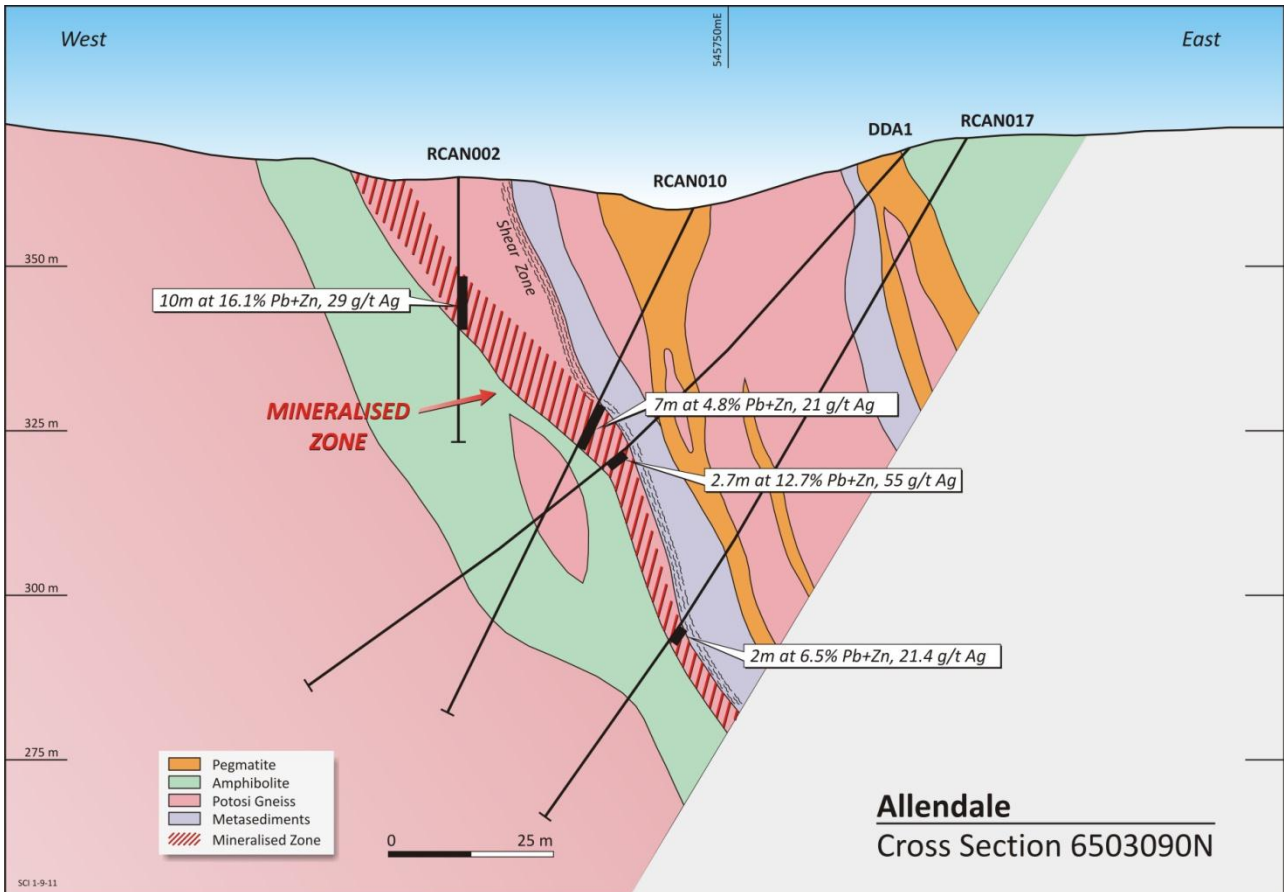


Figure 2. Allendale Cross-section 6503090N showing east-dipping mineralised horizon. Note: RCAN-series are recent Silver City Minerals Limited reverse circulation percussion holes and DDA1 is an historic diamond drill hole. Hole traces have been projected onto section from up to 15 metres away.