



**White Cliff Nickel LTD**

ABN 22 126 299 125

Suite 2 , 5 Ord Street West Perth  
Western Australia 6005

PO Box 368, WEST PERTH WA 6872

**Telephone** +61 8 9321 2233

**Facsimile** +61 8 9324 2977

**Email** info@wcnickel.com.au

2 September 2008

ASX Release

White Cliff Nickel Limited (ASX: WCN)

## **White Cliff option to acquire Splinter magnetite iron project in Western Australia**

### **Summary**

- White Cliff Nickel has secured an option to acquire up to 90% of the Splinter magnetite iron project near Esperance, Western Australia
- Historical drilling results include 24 metres @ 30.8% iron and 50 metres @ 22.6% iron
- Metallurgical test work indicates magnetite recoveries of 39.5% producing high quality low impurity magnetite concentrate with average grades of 63.5% iron

### **Splinter Magnetite Iron Project**

White Cliff Nickel has secured an option to acquire the iron-prospective E63/1246 exploration licence containing the Splinter magnetite iron project located approximately 130 km north east of Esperance, Western Australia (Figure 1). The port of Esperance is a deep water port suitable for shipping bulk minerals.

The magnetite contained within the Splinter project is of a coarse nature and is hosted within a banded magnetite-quartz gneiss unit. Geophysical interpretation suggests this magnetite-rich unit is located within the limbs and hinge of an approximately 8 km long folded structure. Reverse circulation drilling by previous explorers on the project recorded encouraging intersections of 24 metres @ 30.8% iron and 50 metres @ 22.6% iron.

In addition preliminary metallurgical testing using the Davis Tube Recovery technique reported average magnetite recovery of 39.5% which compares favorably to other magnetite projects which range from between 32-46%. The resulting magnetite concentrate returned average grades of 63.5% with low impurities.

The Splinter magnetite iron project covers approximately 90 km<sup>2</sup> of prospective ground and is easily accessible by sealed and unsealed roads. The project area is situated within the Albany Frazer Orogen and has the same geological setting and similar characteristics to the Southdown magnetite resource located near Albany. The Southdown deposit, currently being developed by Grange Resources Ltd has an Indicated and Inferred Resource of 479 million tonnes @ 37.3% magnetite (iron).

The Company has undertaken a preliminary field reconnaissance visit to assess the project area and to view previous drill locations. In addition the Company has acquired high-resolution airborne magnetic and ground induced polarisation (IP) data of the project area together with all previous drilling data. Preliminary magnetic modelling and interpretation by the Company suggests that much of the project area is still untested and has significant exploration potential.

The Company has paid \$25,000 and will issue 243,000 White Cliff Nickel ordinary shares for the option. Under the option agreement the Company has a minimum of six months to assess the project potential. Upon electing to exercise the option the Company will earn a 51% interest in the project by making a payment of \$250,000 in cash and shares and by spending \$350,000 on the project within two years from exercising the option. Upon earning its 51% interest in the project the Company can earn a further 39% by the payment of \$350,000 in cash and shares and spending a further \$500,000 on the project over the following two years.

White Cliff managing director Mike Langoulant said, "We believe the Splinter magnetite iron project is a very prospective addition to our exploration portfolio. There are significant untested features in this area which previously yielded some very exciting iron magnetite results. Our team will focus on developing an initial drill program to test further extensions of the magnetite rich structure."

*For further information please contact*  
[www.wcnickel.com.au](http://www.wcnickel.com.au).

Mike Langoulant  
Managing Director  
(08) 9321 2233  
[mike@wcnickel.com.au](mailto:mike@wcnickel.com.au)

### About White Cliff Nickel Limited

White Cliff Nickel is a Western Australian based nickel explorer which listed on ASX on 14 December 2007 having raised \$6 million. White Cliff Nickel's core project is the White Cliff nickel project. Projects recently acquired by White Cliff Nickel include, the nickel and gold project at Lake Johnson.

The White Cliff nickel project is situated 60 kilometres south-east of Laverton WA. White Cliff Nickel has signed an MOU with a Korean consortium, comprising Daewoo International Corporation and the 100% government owned Korea Resources Corporation, to joint venture this project which covers over 1,000 square kilometres in this prospective region.

The Lake Johnson Project contains excellent prospectivity for komatite associated nickel sulphides and amphibolite-facies high-grade gold mineralisation. The project consists of seven exploration tenements under application covering over 670km<sup>2</sup> of the Lake Johnson Greenstone Belt, and lies approximately 180 kilometres east of Hyden and 90 Kilometres west of Norseman, Western Australia. The Lake Johnson Greenstone Belt contains Norlisk's Emily Ann and Maggie Hayes nickel sulphide mines that have a combined resource of approximately 140,000 tonnes contained nickel.

*The technical exploration and mining information contained in the above announcement has been reviewed and approved by Dr Gavin England, who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is qualified as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr. England is employed by England Geological Pty Ltd and acts as White Cliff Nickel's Exploration Manager.*

*Dr England consents to the inclusion in this announcement of such information in the form and context in which it appears.*

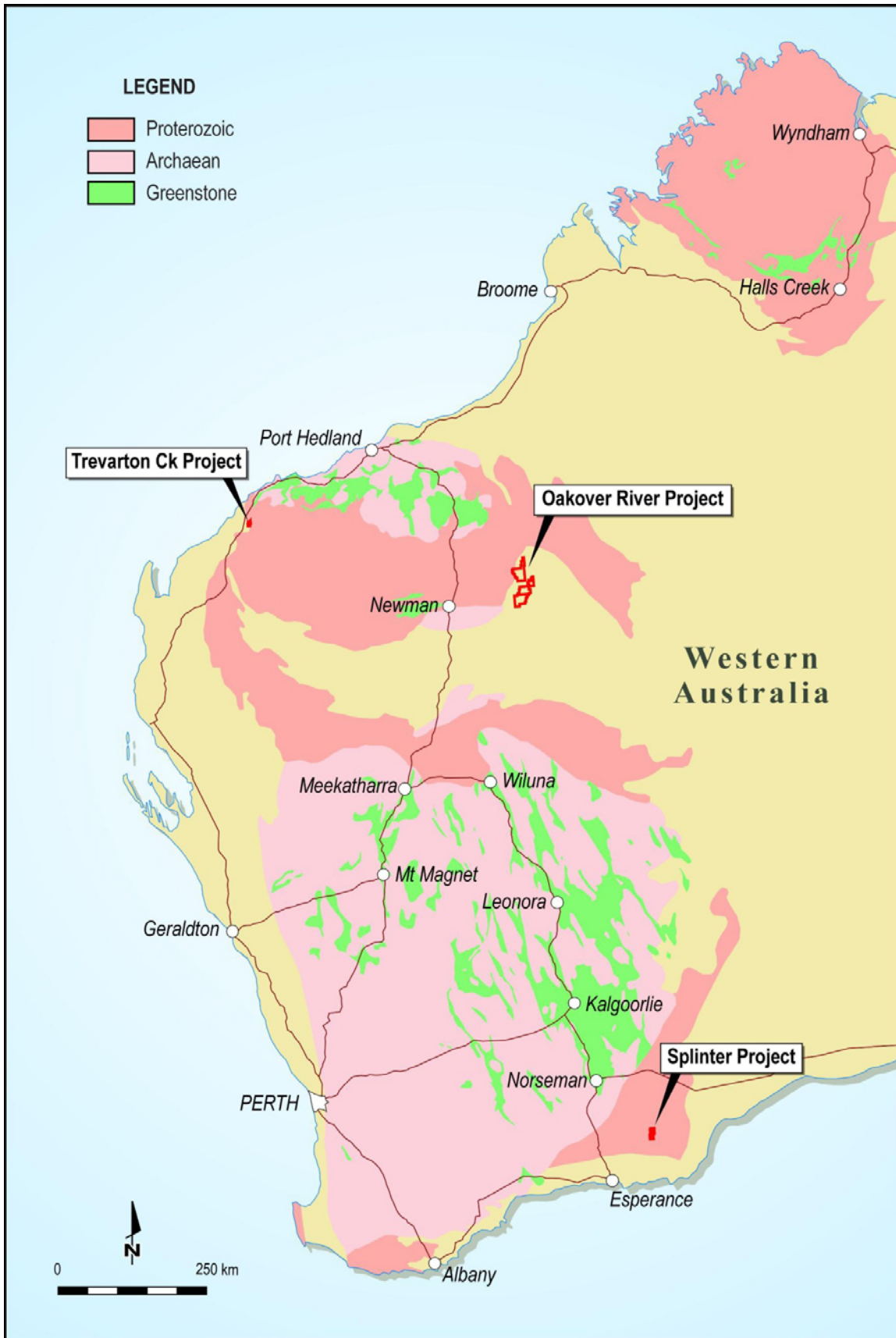


Figure 1. Location plan of the White Cliff Nickel iron ore projects within Western Australia, including the newly acquired Splinter magnetite iron project.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

WHITE CLIFF NICKEL LIMITED

ABN

22 126 299 125

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Ordinary fully paid shares   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 243,000  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Shares will rank equally with current fully paid ordinary shares in the company. |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes</p>						
<p>5 Issue price or consideration</p>	<p>\$0.103 per share</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The shares were issued as part consideration payable to acquire an option over the Splinter magnetite iron project.</p>						
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>2 September 2008</p>						
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="711 1352 995 1388">Number</th> <th data-bbox="995 1352 1274 1388">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="711 1388 995 1423">30,743,000</td> <td data-bbox="995 1388 1274 1423">Ordinary Shares</td> </tr> <tr> <td data-bbox="711 1423 995 1459">28,875,002</td> <td data-bbox="995 1423 1274 1459">30 June 2011 options</td> </tr> </tbody> </table>	Number	+Class	30,743,000	Ordinary Shares	28,875,002	30 June 2011 options
Number	+Class						
30,743,000	Ordinary Shares						
28,875,002	30 June 2011 options						
<p>9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="711 1623 995 1659">Number</th> <th data-bbox="995 1623 1274 1659">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="711 1659 995 1694">21,250,003</td> <td data-bbox="995 1659 1274 1694">Ordinary shares</td> </tr> <tr> <td data-bbox="711 1694 995 1730">7,500,000</td> <td data-bbox="995 1694 1274 1730">31 December 2010 options</td> </tr> </tbody> </table>	Number	+Class	21,250,003	Ordinary shares	7,500,000	31 December 2010 options
Number	+Class						
21,250,003	Ordinary shares						
7,500,000	31 December 2010 options						

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+ See chapter 19 for defined terms.

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

**Part 2 - Bonus issue or pro rata issue**

11 Is security holder approval required?

12 Is the issue renounceable or non-renounceable?

13 Ratio in which the +securities will be offered

14 +Class of +securities to which the offer relates

15 +Record date to determine entitlements

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

17 Policy for deciding entitlements in relation to fractions

18 Names of countries in which the entity has +security holders who will not be sent new issue documents  
Note: Security holders must be told how their entitlements are to be dealt with.  
Cross reference: rule 7.7.

19 Closing date for receipt of acceptances or renunciations

20 Names of any underwriters

21 Amount of any underwriting fee or commission

22 Names of any brokers to the issue

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders
- 25 If the issue is contingent on +security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

**Part 3 - Quotation of securities -**

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of securities  
(tick one)

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+ See chapter 19 for defined terms.



- (a)  Securities described in Part 1
- (b)  All other securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

**Entities that have ticked box 34(a)**

**Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional +securities

**Entities that have ticked box 34(b)**

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

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+ See chapter 19 for defined terms.

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**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Managing director

Date: 2 September 2008

Print name:

Michael Langoulant

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+ See chapter 19 for defined terms.