

4 Jun 2014

WHITE CLIFF MINERALS LTD (WCN)

Chanach - High-grade Au-Cu zones being explored

White Cliff Minerals Limited has commenced its 2014 exploration program at the Chanach copper-gold project (WCN 88.7%) in the Kyrgyz Republic. Planned exploration will include more-detailed channel trench sampling over the Aucu prospect, where the Company discovered high-grade gold and copper mineralisation from multiple exposed quartz veins in early 2014. The epithermal veins are located on the outer edge of a large alteration system, some 2kms north-west of the Chanach porphyry deposit and would appear to be structurally controlled.

Previous channel trench sampling identified three zones of mineralisation, with **Zone 1 reporting 7m @ ~30g/t Au and ~3.8% Cu** (including 1m @ ~160g/t Au); **Zone 2 reporting by 10m @ ~11g/t Au and ~1.7% Cu** (including 1m @ 106g/t Au); and **Zone 3 reporting 9m @ ~6g/t Au** with minor copper. The mineralised quartz veins are exposed at surface and range in widths from ~5m up to ~10m. The aim of current trenching program (~2,000m) is to test a number of potential mineralised structures and to define the strike extent prior to drilling. On current timing, the proposed RC drill campaign (up to 5,000m) is expected to commence in early August 2014.

Merolia – Strategic land position in emerging nickel province

White Cliff has a large, strategic landholding (~770km²) in the Merolia greenstone belt, southeast of Laverton in WA. The tenement package is considered highly prospective for magmatic nickel-copper sulphide mineralisation and mesothermal gold deposits. The ground is also within 40km and along strike of St George Mining Ltd's (SGQ) East Laverton property in which high-priority nickel sulphide targets along the Stella Range Fault are currently being drilled. SGQ has already confirmed fertile high-MgO komatiite host rocks and disseminated nickel sulphide mineralisation within the area, with potential massive sulphide targets now being tested.

White Cliff has already identified multiple nickel, copper and PGE geochem anomalies along its ~65km long ultramafic sequence, with prospective basal contact positions yet to be surveyed. The Company plans to commence more detailed geochemical sampling, followed by ground-based EM surveys and target drill-testing in the September Quarter.

Lake Johnston - Nickel target testing underway

White Cliff also recently recommenced with the test-drilling of four high-priority electromagnetic (EM) targets at its Lake Johnston nickel project (WCN 100%) in WA. The potential nickel sulphide targets are located within the Mt Glasse prospect and are defined by strong conductive features (indicative of massive sulphides response) with coincident nickel-copper-PGE soil anomalism. Of particular note is that the targets occur in the same ultramafic unit as the Maggie Hays and Emily Anne nickel mines, owned by Norilsk Mines and located some 30kms to the north. The RC drilling program (up to 2,000m) has secured WA government funding for up to \$150,000, effectively covering half of the expected drilling costs. Assuming favourable drilling conditions, results are expected early June 2014.

We maintain our Speculative Buy recommendation, with WCN leveraged to exploration success. Cash of ~\$1.7m covers planned exploration in 2014.

Share Price \$0.009

Brief Business Description:

Exploration for copper, nickel and gold.

Hartleys Brief Investment Conclusion

Recent high-grade copper-gold discovery in the Kyrgyz Republic. Nickel explorer in WA with multiple drill-ready targets. Active exploration program.

Chairman & MD

 Michael Langouant (Non-Exec Chair)
 Todd Hibberd (Managing Dir)

Top Shareholders

T2 Gold Pty Ltd	16.4%
ADE Super Fund	6.7%
Directors	5.2%

Company Address

 Suite 2, Level 1, 47 Havelock St
 West Perth, WA, 6005

Issued Capital 449.0m

- fully diluted 449.0m

Market Cap A\$4.0m

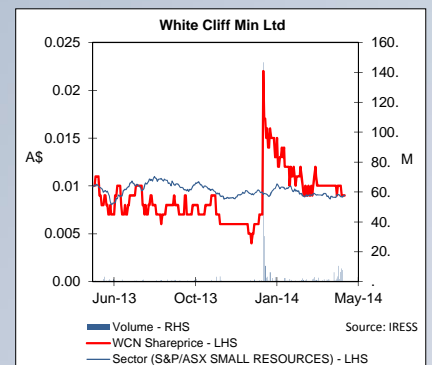
- fully diluted A\$4.0m

Cash (31 May 14e) A\$1.7m

Debt (31 May 14a) A\$0.0m

EV A\$2.3m

EV/Resource Au Eq oz na

EV/Reserve Au Eq Oz na


Mike Millikan

Resource Analyst

Ph: +61 8 9268 2805

 E: mike_millikan@hartleys.com.au

Hartleys has assisted in the completion of capital raisings in the past 12 months for White Cliff Minerals Limited ("White Cliff") for which it has earned fees. Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to White Cliff, for which it has earned fees and continues to earn fees. Hartleys has a beneficial interest in 10 million White Cliff options. Analyst has a beneficial interest in WCN options. See back page for full disclosure.

SUMMARY MODEL

White Cliff Minerals Limited WCN		Share Price \$0.009		Jun-14 Speculative Buy	
Key Market Information				Directors	
Share Price		\$0.009		Company Details	
Market Capitalisation		\$4m		Michael Langoulant (Non-Exec Chair)	Suite 2, Level 1, 47 Havelock St
Net Debt (cash)		-\$1.7m		Todd Hibberd (Managing Dir)	West Perth, WA, 6005
Issued Capital		449.0m		Rodd Boland (Non-Exec Dir)	+61 8 9321 2233
Issued Capital (fully diluted ITM options)		449.0m			http:// www.wcminerals.com.au
Options		122.0m			
Issued Capital (fully diluted all options)		571.0m			
EV		\$2.3m			
Valuation		N/A			
Price Target		N/A			
Projects				Top Shareholders	
	Interest	Location	Commodity		m shs %
Chanach JV	*88.7%	Kyrgyz	Cu, Au	T2 Gold Pty Ltd	73.82 16.4%
Lake Johnston	100%	WA	Ni, Cu	ADE Super Fund	30.09 6.7%
Merolia	100%	WA	Ni, Cu, Au	Directors	23.35 5.2%
Laverton Gold	100%	WA	Au		
*Option exercised to acquire T2Gold's ~32% interest					
Investment Summary					
Actively exploring a portfolio of projects in WA and Kyrgyz Republic					
High-grade epithermal gold discovery at Aucu prospect, Kyrgyz					
Nickel and copper exploration within prospective terrains in Australia					
JORC Resources				Newsflow - 2014	
	Mt	Grade	Metal	LC	Target Project
No JORC resources					
Unpaid Capital					
P&L		FY2013F	FY2014F	FY2015F	No (m) \$ (m) Ave Pr % Ord
Net Revenue		na	na	na	
Total Costs		na	na	na	
EBITDA		na	na	na	
Deprec/Amort		na	na	na	
EBIT		na	na	na	
Net Interest		na	na	na	
Pre-Tax Profit		na	na	na	
Tax Expense		na	na	na	
NPAT		loss	loss	loss	
Abnormal Items		na	na	na	
Reported Profit		loss	loss	loss	
Options					
30-Jun-14 5.75 1.44 0.25 1.3%					
30-Sep-14 116.23 6.97 0.06 25.9%					
Comments					
Exploration company advancing recent discoveries. Leveraged to exploration success/improved market sentiment.					
Analyst: Mike Millikan Phone: +61 8 9268 2805				Last Updated: 04/06/2014	
Sources: IRESS, Company Information, Hartleys Research					

Chanach Gold-Copper Project, Kyrgyz Republic

The Chanach Copper-Gold Project covers ~83km² of ground in the Kyrgyz Republic, and is located ~350km southwest of the capital city of Bishkek. The project is considered prospective of large copper-gold systems, ranging from porphyries, mineralised skarns to higher grade epithermal systems. The project is located within considered “elephant country” with major deposits containing over 90Moz of gold and over 25Mt of copper located within the region.

WCN recently exercised an option to acquire a further interest in the project and now has ~89%

The project is highly prospective for copper-gold systems, with confirmed mineralised porphyries, skarns and high-grade epithermal veining

The Company’s project interest is now 88.7%, having recently acquired T2Gold’s ~32% interest in the project through a cash payment of \$45,000 and the issue of 73.8m WCN shares (escrowed for 12 months). Exploration is now focused on a high grade epithermal gold-copper system (Aucu prospect) which was discovered in early 2014 through trench-channel sampling. The epithermal veins (three mineralised zones) are located on the outer edge of a large alteration system, ~2kms north-west of the large Chanach porphyry deposit.

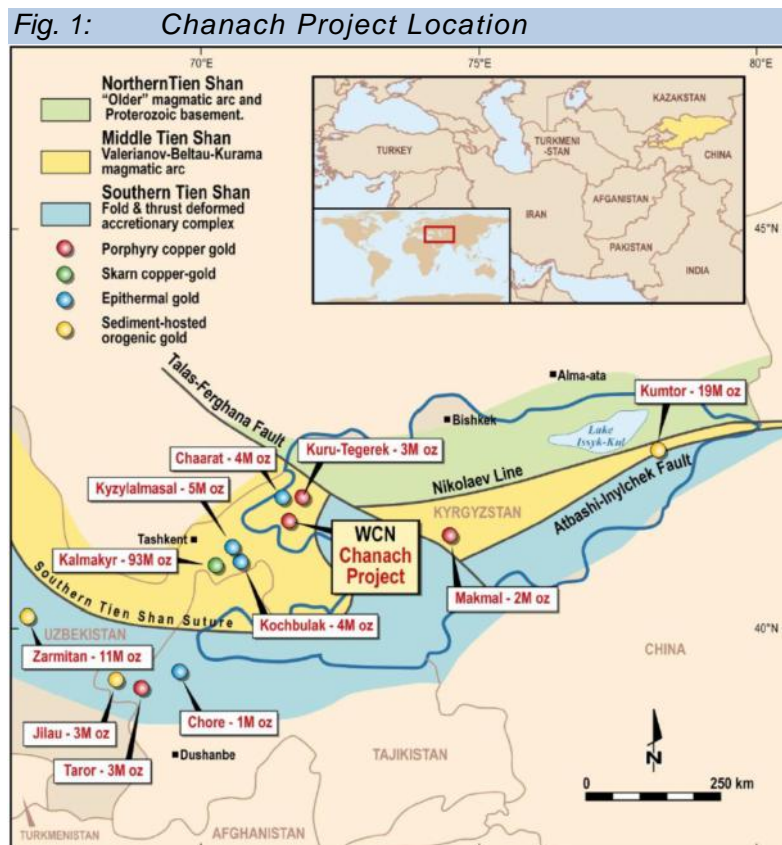
Three zones of mineralisation have been defined containing:

- **Zone 1:** 7m @ ~30g/t Au and ~3.8% Cu (including 1m @ ~160g/t Au);
- **Zone 2:** 10m @ ~11g/t Au and ~1.7% Cu (including 1m @ 106g/t Au); and
- **Zone 3:** 9m @ ~6g/t Au with minor copper.
- The mineralised quartz veins are exposed at surface and range in widths from ~5m up to ~10m and remain open in all directions.

Trenching is underway in preparation of drilling in early August

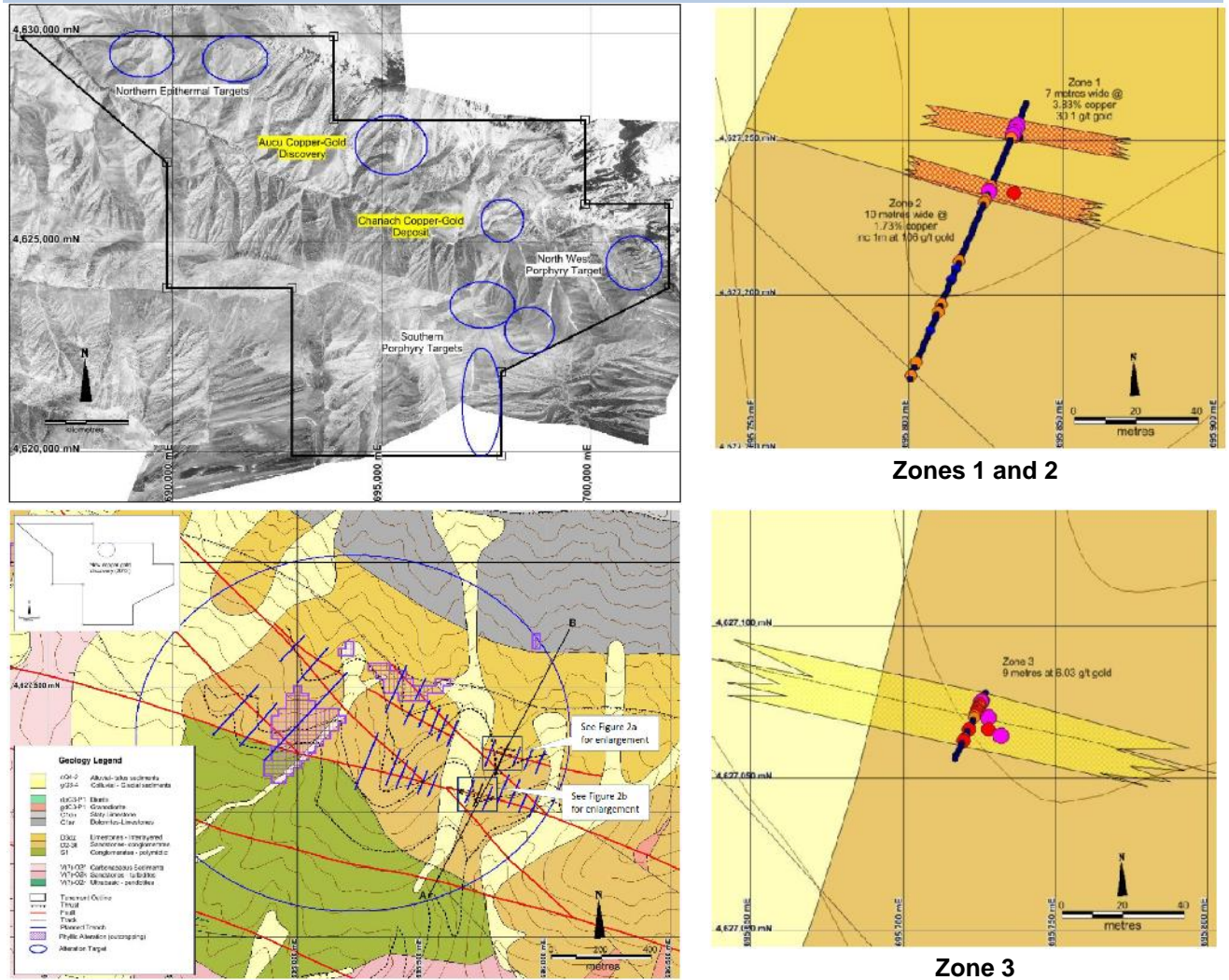
A trenching program (~2,000m) in preparation of drilling is underway and is expected to better define the near-surface mineralisation prior to testing. On current timing, the proposed RC drill campaign (up to 5,000m) is expected to commence in early August 2014.

Project located in Central Asia, within considered “elephant country”



Source: White Cliff Minerals Limited

Fig. 2: Aucu Prospect Location (LHS): Zones 1, 2 and 3 (RHS)



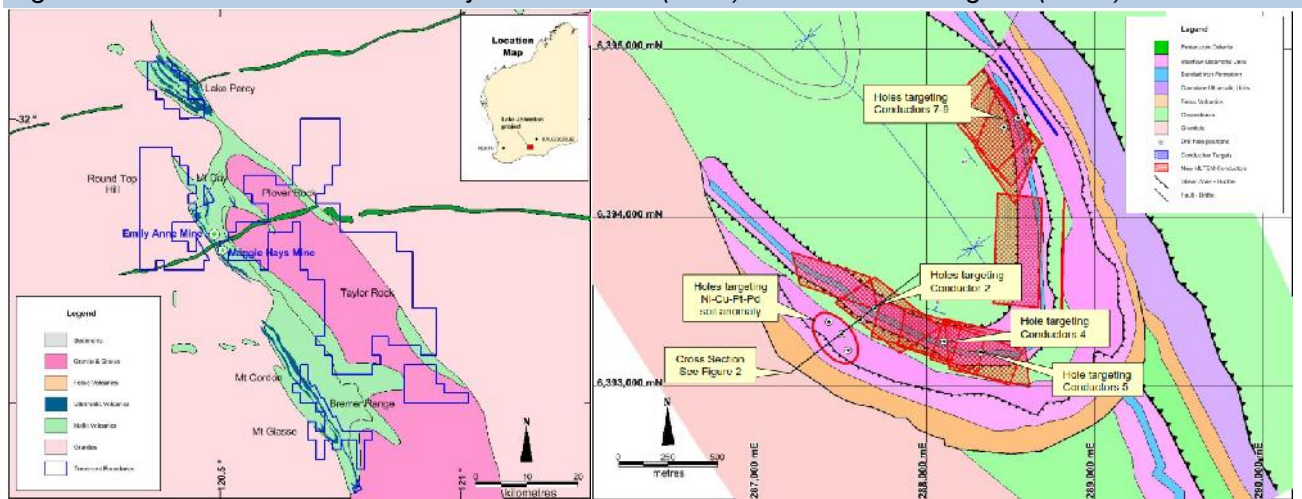
Source: White Cliff Minerals Limited

Currently drill-testing EM conductors, with coincident Ni geochem anomalism

Lake Johnston Project - Mt Glaspe Prospect

The Mt Glaspe prospect is to the south of Bremer Range within ultramafic rocks located on a hinge of a fold-nose. Four high-intensity EM anomalies are currently being drilled. These targets have been enhanced by previous soil sampling and recently completed sampling to further refine these drill targets.

Fig. 3: Lake Johnston Nickel Project Location (LHS): Mt Glaspe Targets (RHS)



Source: White Cliff Minerals Limited

Risks

Key risks for White Cliff include country risk, making an economic discovery and obtaining funding for ongoing exploration. Weather, land access, drill rig availability, retaining key people are all risks.

Fig. 4: Key Risks

Assumption	Risk of not realising assumption	Downside risk to shareprice if assumption is incorrect	Comment
Funding for ongoing exploration	Low-Med	Med-High	We estimate WCN has a current cash position of less than \$2.0m. If so required WCN has a number of options to raise additional funds for ongoing exploration, including new equity issuances and potential new JV deals. The Company continues to operate under a lean cost structure.
A high-grade deposit can be defined	Low-Med	Med-High	WCN is still in the deposit definition stage for Chanach, especially for the new high-grade epithermal system. Drilling is set to commence next quarter and will determine if the mineralisation "hangs together". No timing on a maiden resource has been provided. Disappointing drill results and/or resource release in regards to size and grade could have negative effect on share price and prospect of future development.
No political/civil unrest	Low-Med	Extreme	Kyrgyz Republic remains politically stable but we increase our risk outlook during election periods.
Change to fiscal regime	Low-Med	Moderate	Potential changes to the current fiscal regime, could impact our valuation.
Commodity prices	Med	Med-High	The project remains highly sensitive to commodity price movements and sentiment. The Company's exploration focus is gold, copper and nickel.
<i>Conclusion</i>	<i>At this stage we consider the assumptions have a low to medium risk of not being achieved. We have no valuation or price target on the Company.</i>		

Source: Hartleys Research

HARTLEYS CORPORATE DIRECTORY

Research

Trent Barnett	Head of Research	+61 8 9268 3052
Mike Millikan	Resources Analyst	+61 8 9268 2805
Scott Williamson	Resources Analyst	+61 8 9268 3045
Simon Andrew	Energy Analyst	+61 8 9268 3020
Janine Bell	Research Assistant	+61 8 9268 2831

Corporate Finance

Grey Egerton-Warburton	Head of Corp Fin.	+61 8 9268 2851
Richard Simpson	Director –Corp. Fin.	+61 8 9268 2824
Paul Fryer	Director–Corp. Fin.	+61 8 9268 2819
Dale Bryan	Director–Corp. Fin.	+61 8 9268 2829
Ben Wale	Snr Mgr–Corp. Fin.	+61 8 9268 3055
Ben Crossing	Snr Mgr – Corp.Fin.	+61 8 9268 3047
Stephen Kite	Snr Mgr- Corp. Fin.	+61 8 9268 3050
Scott Weir	Snr Mgr- Corp. Fin.	+61 8 9268 2821

Registered Office

Level 6, 141 St Georges Tce Postal Address:

Perth WA 6000	GPO Box 2777
Australia	Perth WA 6001
PH:+61 8 9268 2888	FX: +61 8 9268 2800
www.hartleys.com.au	info@hartleys.com.au

Note: personal email addresses of company employees are structured in the following manner:firstname_lastname@hartleys.com.au

Hartleys Recommendation Categories

Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a “Buy”. Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a “Buy”.
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative Buy	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

Institutional Sales

Carrick Ryan	+61 8 9268 2864
Justin Stewart	+61 8 9268 3062
Simon van den Berg	+61 8 9268 2867
Chris Chong	+61 8 9268 2817
Digby Gilmour	+61 8 9268 2814
Veronika Tkacova	+61 8 9268 3053

Wealth Management

Nicola Bond	+61 8 9268 2840
Bradley Booth	+61 8 9268 2873
Adrian Brant	+61 8 9268 3065
Nathan Bray	+61 8 9268 2874
Sven Burrell	+61 8 9268 2847
Simon Casey	+61 8 9268 2875
Tony Chien	+61 8 9268 2850
Travis Clark	+61 8 9268 2876
Tim Cottee	+61 8 9268 3064
David Cross	+61 8 9268 2860
Nicholas Draper	+61 8 9268 2883
John Featherby	+61 8 9268 2811
Ben Fleay	+61 8 9268 2844
James Gatti	+61 8 9268 3025
John Georgiades	+61 8 9268 2887
John Goodlad	+61 8 9268 2890
Andrew Gribble	+61 8 9268 2842
David Hainsworth	+61 8 9268 3040
Neil Inglis	+61 8 9268 2894
Murray Jacob	+61 8 9268 2892
Bradley Knight	+61 8 9268 2823
Gavin Lehmann	+61 8 9268 2895
Shane Lehmann	+61 8 9268 2897
Steven Loxley	+61 8 9268 2857
Andrew Macnaughtan	+61 8 9268 2898
Scott Metcalf	+61 8 9268 2807
David Michael	+61 8 9268 2835
Damir Mikulic	+61 8 9268 3027
Jamie Moullin	+61 8 9268 2856
Chris Munro	+61 8 9268 2858
Michael Munro	+61 8 9268 2820
Ian Parker	+61 8 9268 2810
Charlie Ransom	+61 8 9268 2868
Brenton Reynolds	+61 8 9268 2866
Conlie Salvemini	+61 8 9268 2833
David Smyth	+61 8 9268 2839
Greg Soudure	+61 8 9268 2834
Sonya Soudure	+61 8 9268 2865
Dirk Vanderstruyf	+61 8 9268 2855
Jayne Walsh	+61 8 9268 2828
Samuel Williams	+61 8 9268 3041

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