

WHITE CLIFF MINERALS LTD (WCN)

Chanach drilling starts on high-grade Cu-Au zones

White Cliff continues to report high-grade copper and gold results from recently completed trench channel sampling at the Chanach copper-gold project (WCN 88.7%) in the Kyrgyz Republic.

Recent trenching has uncovered several new mineralised zones at the Aucu prospect, highlights include: 2m @ 3.2% Cu and 4.5g/t Au; 5m @ 3.2g/t Au; and 3m @ 12.2g/t Au (including 1m @ 28.9g/t Au). The structurally controlled epithermal veins are located on the outer edge of a large alteration system, some 2kms north-west of the Chanach porphyry deposit.

To date, 5 main mineralised structures (copper-gold zone (CGZ), lower gold zone (LGZ), north copper zone (NCZ), east copper zone (ECZ) and lower copper-gold zone (LCGZ)) have been identified from the trenching, with drilling now underway to test the continuity of mineralisation at depth.

Drilling will initially focus on the high-grade CGZ target, which has been defined over 500m of strike, with drilling to test beneath previous trench sample results which included an impressive 10m @ 2.9% Cu and 8g/t Au. Ten holes to drill depths of up to ~150m are proposed at this target, which we estimate will take ~3 weeks to complete (assuming favourable drilling conditions). Drilling will then test some of the other mineralised structures, as part of an overall 5,000m RC drill campaign.

Nickel Prospects Taking Shape at Merolia

A geochemical sampling program has defined a number of nickel geochemical anomalies at the McKenna and Rotorua prospects, part of the Merolia project (WCN 100%), in the Laverton district of WA.

Two nickel anomalies have been defined by >250ppm Ni contours at the McKenna prospect. The first (McKenna One) extends 1km in strike and is ~500m wide, and has nickel values up to 1426ppm Ni. The second (McKenna Two) is located ~1km to the west of McKenna One, has a similar strike extent but is ~250m wide and defined by nickel values up to 1125ppm Ni. Both are large anomalies with high tenor nickel and anomalous copper geochem signatures, which in our opinion is highly encouraging and justifies further, more detailed work, including drilling.

The nickel anomalies at the Rotorua prospects are slightly lower nickel tenor, but still highly anomalous with nickel values up to 743ppm Ni, with geochemical footprints over respective strike extents of 1km and 800m. Transported cover over the area has likely masked some of the geochemical responses and as such low-cost RAB or vacuum drilling will be used to penetrate the cover and to better define the targets.

Following the shallow geochemical drilling, WCN will use ground-based EM surveys to better define target prior to drill-testing year end.

Leverage to Exploration Success – Maintain Speculative Buy

With RC drilling now underway at the Aucu prospect, targeting high-grade mineralised gold and copper zones at depth, we expect some strong positive news in the coming weeks.

We maintain our Speculative Buy recommendation. Cash of ~\$1.2m covers planned exploration in 2014.

Share Price \$0.015

Brief Business Description:

Exploration for copper, nickel and gold.

Hartleys Brief Investment Conclusion

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

Chairman & MD

Michael Langoulant (Non-Exec Chair)

Todd Hibberd (Managing Dir)

Top Shareholders

ADE Super Fund	17.1%
T2 Gold Pty Ltd	16.4%
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\$6.7m

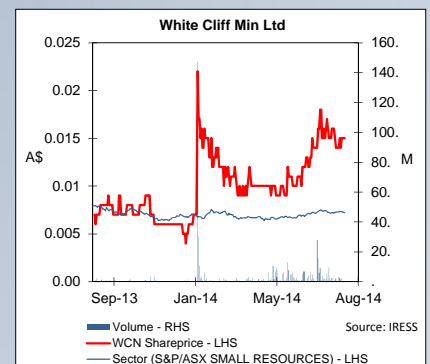
- fully diluted A\$6.7m

Cash (31 Aug 14e) A\$1.2m

Debt (30 Jun 14a) A\$0.0m

EV A\$5.5m

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 \$0.015		Sep-14 Speculative Buy		
Key Market Information			Directors			
Share Price					Company Details	
Market Capitalisation	\$7m		Michael Langoulant (Non-Exec Chair)		Suite 2, Level 1, 47 Havelock St	
Net Debt (cash)	-\$1.2m		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	218.3m					
Issued Capital (fully diluted all options)	667.3m					
EV	\$5.5m					
Valuation	N/A					
Price Target	N/A					
Projects			Top Shareholders			
	Interest	Location			m shs	%
Chanach JV	*88.7%	Kyrgyz	ADE Super Fund		76.97	17.1%
Lake Johnston	100%	WA	T2 Gold Pty Ltd		73.82	16.4%
Merolia	100%	WA	Directors		23.35	5.2%
Laverton Gold	100%	WA				
*Option exercised to acquire T2Gold's ~32% interest						
JORC Resources			Investment Summary			
	Mt	Grade	Metal	LC	Actively exploring a portfolio of projects in WA and Kyrgyz Republic	
No JORC resources						
P&L			Newsflow - 2014			
	FY2013F	FY2014F	FY2015F		Target	Project
Net Revenue	na	na	na	Q2 CY14	Aucu trenching	Cu, Au Chanach JV
Total Costs	na	na	na	Q3 CY14	Geochem sampling	Ni, Cu Merolia
EBITDA	na	na	na	Q3 CY14	Ground magnetics	Cu, Au Chanach JV
Deprec/Amort	na	na	na	Q3 CY14	Chanach trenching	Cu, Au Chanach JV
EBIT	na	na	na	Q3 CY14	Aucu drilling	Cu, Au Chanach JV
Net Interest	na	na	na	Q3 CY14	Geochem drilling	Ni, Cu Merolia
Pre-Tax Profit	na	na	na	Q4 CY14	Chanach drilling	Cu, Au Chanach JV
Tax Expense	na	na	na	Unpaid Capital		
NPAT	loss	loss	loss		No (m)	\$ (m)
Abnormal Items	na	na	na	Options		Ave Pr
Reported Profit	loss	loss	loss	30-Sep-14	116.23	6.97
				11-Mar-17	102.05	3.06
					218.28	10.04
						0.05
						49%
				Comments		
				Exploration company advancing recent discoveries. Leveraged to exploration success/improved market sentiment.		
Analyst: Mike Millikan			Last Updated: 04/09/2014			
Phone: +61 8 9268 2805						
Sources: IRESS, Company Information, Hartleys Research						

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

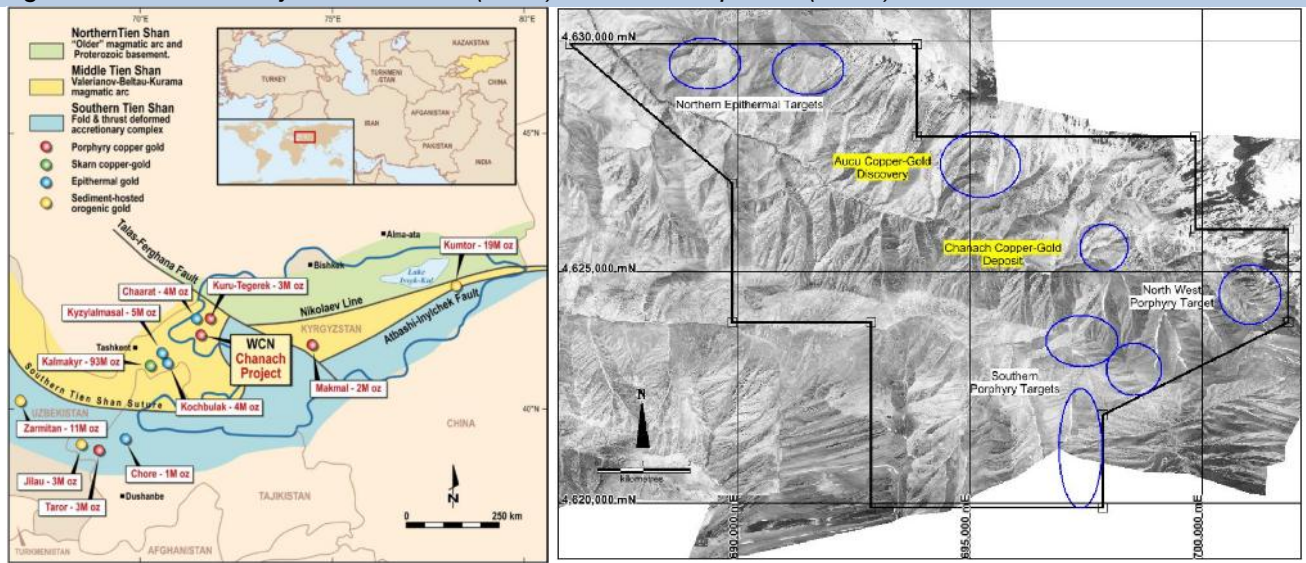
Chanach Gold-Copper Project, Kyrgyz Republic

The Chanach Copper-Gold Project is considered prospective for large copper-gold systems, ranging from porphyries, mineralised skarns to higher-grade epithermal systems.

Exploration is now focused on high grade epithermal gold-copper systems (Aucu prospect) which were discovered in early 2014. The epithermal veins (5 mineralised zones) are located on the outer edge of a large alteration system, ~2kms north-west of the large Chanach porphyry deposit.

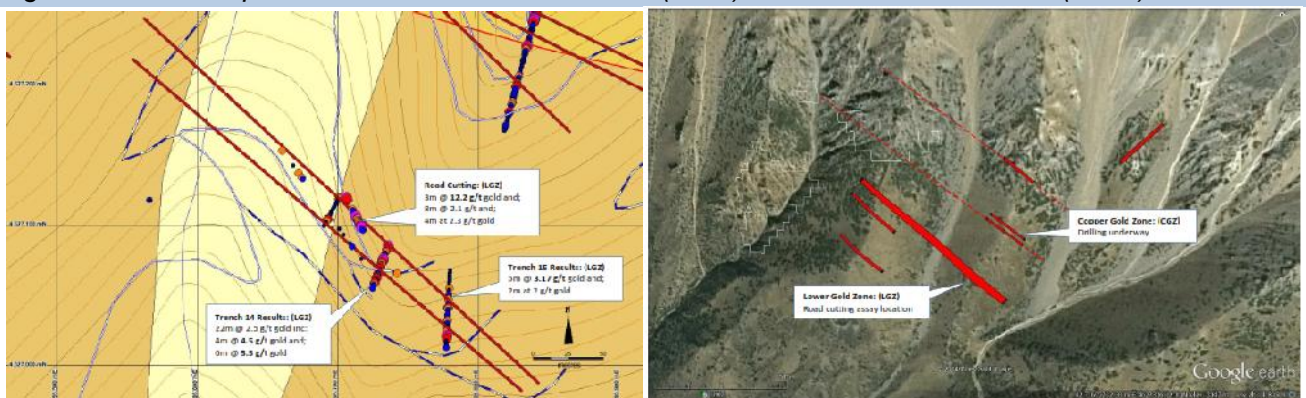
Drilling is now underway to test the mineralised continuity at depth.

Fig. 1: Chanach Project Location (LHS): Main Prospects (RHS)



Source: White Cliff Minerals Limited

Fig. 2: Aucu Prospect - Recent trench results (LHS): LGZ and CGZ Veins (RHS)



Source: White Cliff Minerals Limited

Large strategic landholding to the east of Laverton, considered highly prospective for massive nickel sulphide mineralisation

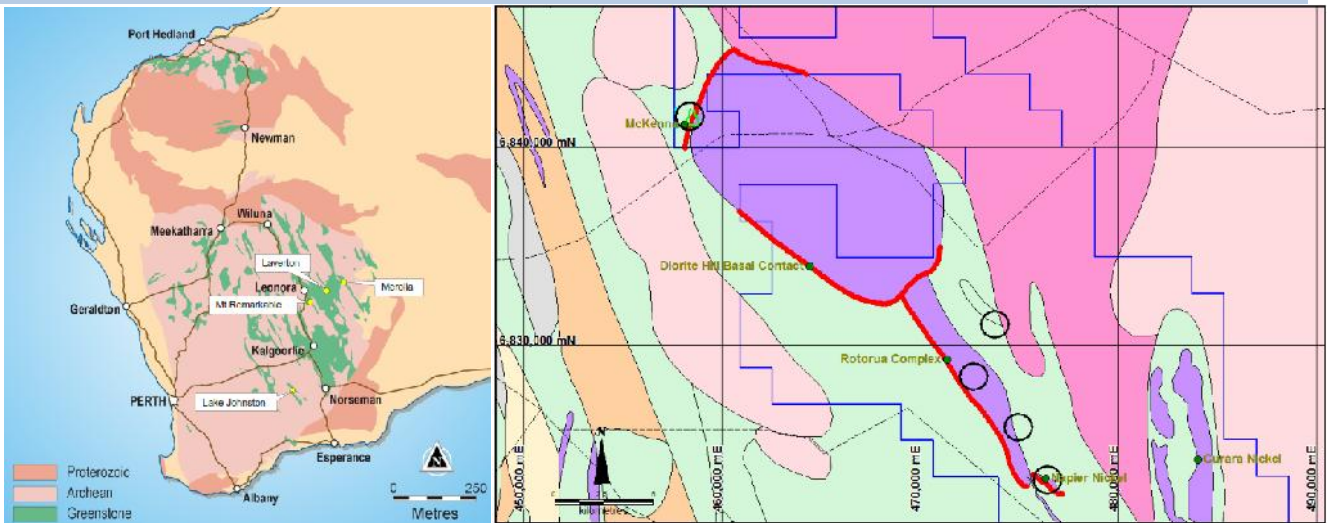
Merolia Nickel Opportunities in Australia

White Cliff has a large, strategic landholding (~770km²) in the Merolia greenstone belt, east of Laverton in WA.

The Merolia ground covers extensive ultramafic rocks considered prospective for nickel-copper sulphide mineralisation. Multiple nickel, copper and PGE geochem anomalies along the ~65km long ultramafic sequence have already been identified, some of which are in prospective basal contact positions requiring drill testing.

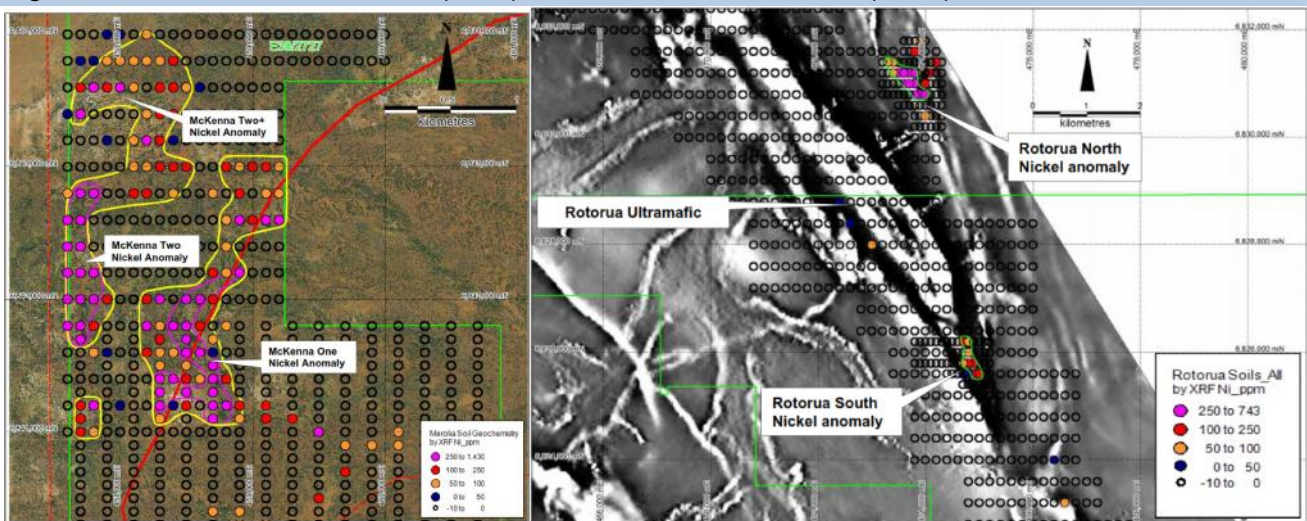
Low-cost RAB or vacuum drilling will be used to penetrate transported cover over some of the prospects to generate additional geochemical anomalies. Ground-based geophysics (likely EM) will then be used to better refine target areas for subsequent more detailed drilling.

Fig. 3: Merolia Project Location (LHS); McKenna and Rotorua Prospects (RHS)



Source: White Cliff Minerals Limited

Fig. 4: McKenna Ni Anomalies (LHS); Rotorua Ni Anomalies (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. 5: 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
Alex Mazzege	Jnr Research Analyst	+61 8 9268 2837
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:

PerthWA 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.

Disclaimer/Disclosure

The author of this publication, Hartleys Limited ABN 33 104 195 057 (“Hartleys”), its Directors and their Associates from time to time may hold shares in the security/securities mentioned in this Research document and therefore may benefit from any increase in the price of those securities. Hartleys and its Advisers may earn brokerage, fees, commissions, other benefits or advantages as a result of a transaction arising from any advice mentioned in publications to clients.

Hartleys has assisted in the completion of a capital raising 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 20 million White Cliff options.

Any financial product advice contained in this document is unsolicited general information only. Do not act on this advice without first consulting your investment adviser to determine whether the advice is appropriate for your investment objectives, financial situation and particular needs. Hartleys believes that any information or advice (including any financial product advice) contained in this document is accurate when issued. Hartleys however, does not warrant its accuracy or reliability. Hartleys, its officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law.

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
Jayne Walsh	+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
Samuel Williams	+61 8 9268 3041