

**Recommendation:** Speculative Buy

**Price target:** 6-9 month target \$0.06

Sector: Materials

Recommendation:

ASX Code: WCN

Share Price: 0.01

52 Week -:

High: \$0.030

Low: \$0.004

Issued Ordinary Shares: 204.7M

Options: 131.3M

Cash: \$0.5M

Raising of \$1.7M underway

Market Cap: \$2.4M

Enterprise Value: \$1.9M

### Major Shareholders

Directors and Founders: 15%

Top 20: 32%

Top 50: 54%

### Directors:-

**Managing Director:** Todd Hibberd

**Executive Chairman:** Michael Langoulant

**Non-Executive Director:** Rodd Boland

## White Cliffs Minerals: Three high impact drilling programs to drive valuation in 2014

- **White Cliff Minerals** (ASX: WCN) is a multinational nickel, copper and gold explorer that is currently mounting three high impact exploration programs. These include: **Chanach** for copper and gold in the Kyrgyz Republic, **Merolia** for nickel and copper in Western Australia, and **Lake Johnston** for nickel in Western Australia.
- **Chanach:** Porphyry copper-gold prospect where drill results at surface reported **10 metres at 1.01% Cu and 14 metres at 0.77% Cu**, and includes the Aucu prospect with promising trenching results of **7 metres grading 3.83% Cu and 30.1 g/t Au and 10 metres at 1.73% Cu**.
- A drill program of 3,000 to 5,000 metres and 2,000 metres of trench channel sampling is about to commence at Aucu that covers a very extensive system of faults over 7,500 metres of strike.
- **Merolia:** Strong nickel-chrome-copper-bismuth-anomaly identified by recent soil geochemical survey and 10 additional targets identified from a new interpretation of a 2002 airborne electromagnetic survey. New targets occur along basal contacts that are the optimal location for nickel and copper sulphides.
- Follow up surveys and sampling will refine targets for a drill program that is planned for the second half of 2014.
- **Lake Johnston:** Near term high impact drilling at will test four electromagnetic targets for nickel and copper at the Mount Glasse prospect which will be a game changer for White Cliff in the event of success.
- Proactive Investors believes that White Cliff Minerals is significantly undervalued (see Analysis and Valuation) when compared with its peer group of early stage nickel and copper-gold explorers. This undervaluation is estimated at up to \$0.06 per share (undiluted) and \$0.04 (fully diluted).
- This is driven by a low market capitalisation; significant and high impact 2014 exploration program that will be funded from the recently completed capital raising and the material re-rating that can be expected following success in any one of these programs.
- We issue a **Speculative Buy recommendation** with a 6-9 month price target of \$0.05 per share on a fully diluted basis.

## BACKGROUND

**White Cliff Minerals Ltd** (ASX: WCN) is an ASX listed explorer in the Kyrgyz Republic and Western Australia.

The Company maintains an international presence with continuing exploration development of the highly prospective Chanach Copper Gold Project in the Kyrgyz Republic.

## KYRGYZ REPUBLIC

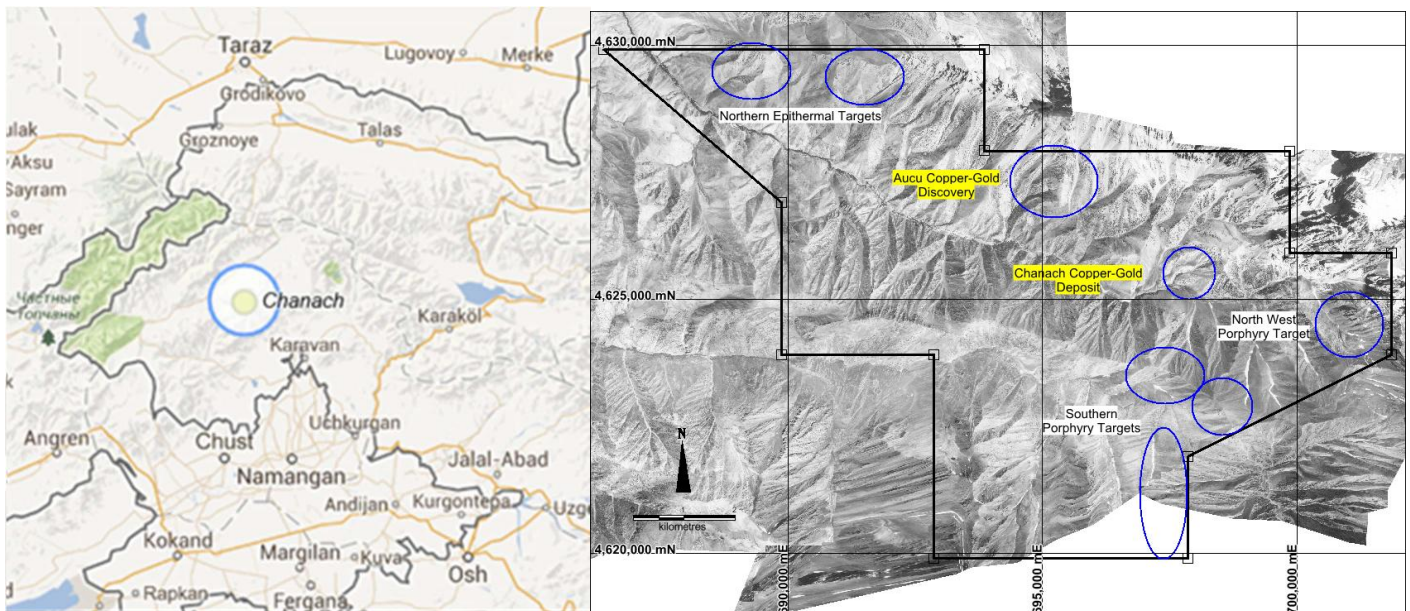
The Kyrgyz Republic hosts good infrastructure, strong mining culture, and low cost labour and power derived from locally produced hydroelectricity.

**Centerra has invested US\$5 billion** into the **Kumtor mine** which hosts **13.5 million ounces of gold** and is the biggest producer in the country.

Other projects include **Taldybulk** with 3.3 million ounces of gold and 223,000 tonnes of copper, **Charaat** with 5.6 million ounces of gold, **Shambesai-Obdilla** with 697,000 ounces of gold, **Andash** with 679,000 ounces of gold and 77,000 tonnes of copper, and **Bozymchak** with 1.0 million ounces of gold and 170,000 tonnes of copper. Funds invested or proposed for these projects are around US\$800 million.

## CHANACH COPPER AND GOLD PROJECT, KYRGYZ REPUBLIC

The Chanach Copper and Gold Project is located 350 kilometres southwest of the capital and financial centre of Bishkek with a population of 874,400.



CHANACH COPPER GOLD PROJECT IN KYRGYZ REPUBLIC

The project area covers 83 square kilometres in the western part of the highly mineralised Tien Shan Belt which extends for over 2,500 kilometres from Western Uzbekistan to western China. The Belt hosts porphyry and epithermal systems that have developed within magmatic arcs along with orogenic type gold deposits that are structurally controlled.

The project area has excellent road access and is close to regional mining support hubs at Taraz (175 kilometres) and Namaga (200 kilometres). Major nearby mines include the Terek Sak gold mine, Bozymchak copper, gold and silver mine, and the Ishtamberdy gold mine.

## CHANACH COPPER GOLD PROJECT

The Chanach Copper-Gold Project consists of the Aucu Deposit, an epithermal copper-gold deposit and the Chanach Deposit, which is a porphyry copper-gold system.

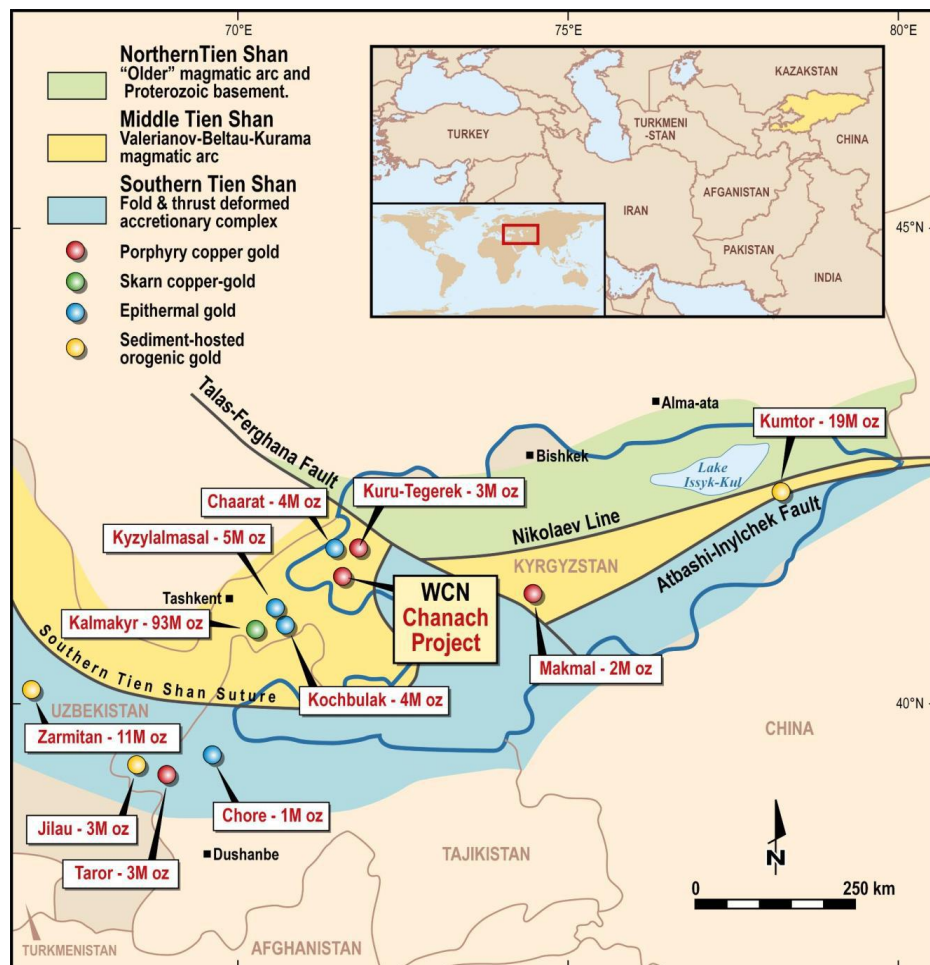
Chanach currently includes near term exploration of the Aucu deposit which is a large epithermal copper and gold system, and the Chanach deposit which may host a large tonnage porphyry system. White Cliff has identified at least 8 major targets for evaluation within the Chanach project area.

The project is close to regional mining support hubs:

- 175km to Taraz
- 200km to Namagan

There are nearby operating mines including:

- Terek Sai (Au)
- Bozymchak(Cu-Au-Ag)
- Ishtamberdy (Au)



LOCATION OF CHANACH PROJECT WITHIN TIEN SHAN MINERALISED BELT



## CHANACH - OPTION TO INCREASE OWNERSHIP

White Cliff currently owns a 57% interest and has an option to increase that to 88.7% by purchase of the minority 32.2% interest held by T2 Gold Pty Ltd.

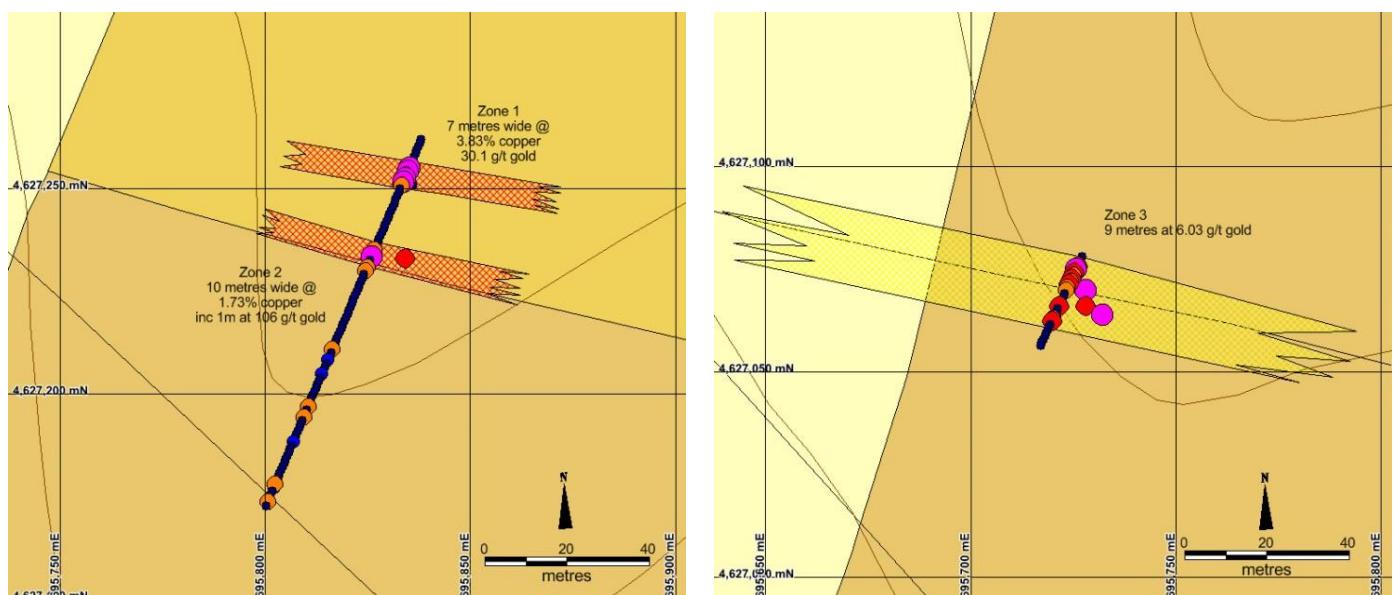
The Company has already paid an option fee of \$5,000 that provides an exclusive right to acquire the T2 Gold interest over the next two months. Terms include payment of \$45,000 and issuance of 73.8 million shares in White Cliff. The transaction is subject to shareholder approval that will be decided at a shareholder meeting to be held on 2 May of 2014.

## THE AUCU DEPOSIT

The Aucu Deposit is an epithermal copper and gold system that includes a surface target zone that currently exceeds 1 square kilometre in size.

Surface exploration at Aucu has identified a high grade zone that currently extends over a distance of 300 metres and includes mineralised quartz veins and halos of up to 5 to 10 metres in width that host rock chip samples values of 7 metres 3.8% copper and 30 grams per tonne of gold, 10 metres at 1.7% copper, and 9 metres at 6 gram per tonne gold.

Metal values derived from preliminary stage trenching are marked by coloured circles in the following two maps. This very early stage work has exposed a major and very extensive fault system that forms a near term high value exploration target.

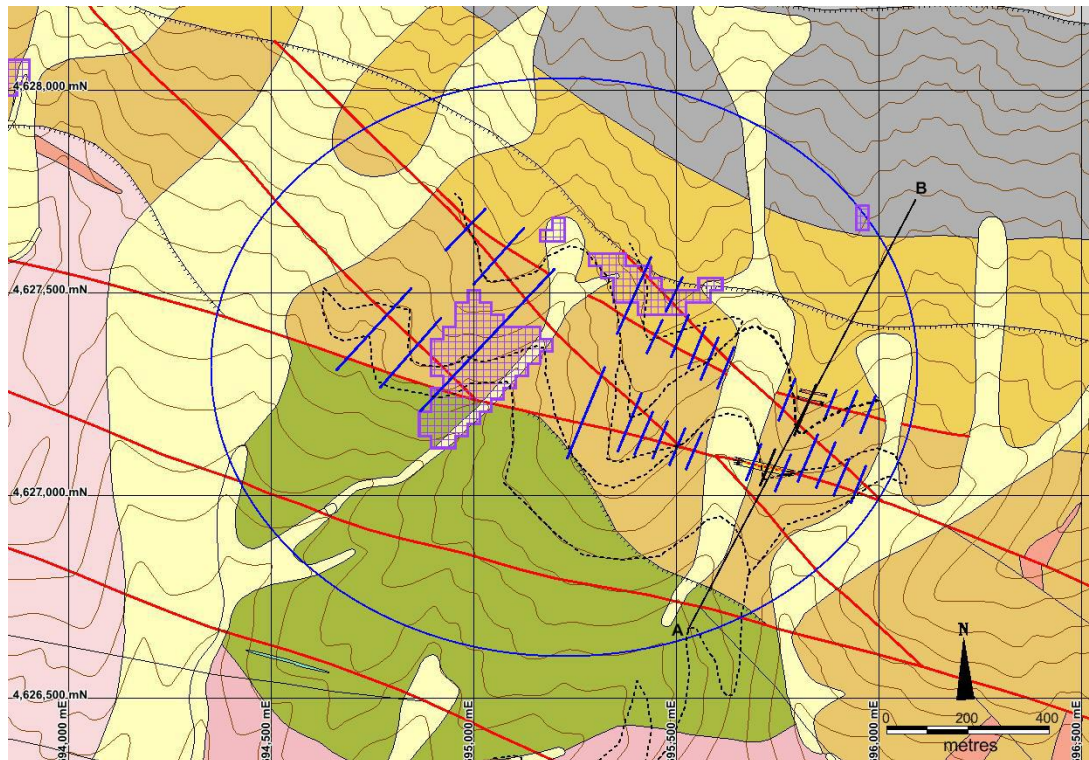


ZONE ONE-THREETWO TRENCH TARGETS WITH HIGH GRADE COPPER VALUES AND BONANZA GOLD GRADES

White Cliff has identified three parallel fault lines that run from the northwest to the southwest, along with three parallel cross cutting fault lines that exceed a total distance of 7,500 metres, and constitute early development targets within the circular 1 kilometre target.

These fault lines are known to extend for a significant strike extent outside the early target zone and form a secondary target for evaluation at a later time.

The target also includes an extensive area of exposed quartz, sericite and pyrite that has been identified at four locations. They are intermittent and scattered over a length of over 1,000 meters and are marked in small purple squares on the following map.



LOCATION OF PROPOSED TRENCHES WITH LINE A – B MARKING LOCATION OF CURRENT TRENCHES ON ZONES 1-3

White Cliff plans to complete 2,000 metres of trenching that are spaced at distances of 50 to 100 metres and extend over a north westerly strike line of approximately 1,400 metres. Trenching will cover two of the parallel fault lines (that are known to be mineralised), cross cutting fault lines and bulk of the exposed quartz, sericite and pyrite mineralisation.

Trenching gets underway in April and first assay results are expected in early May.

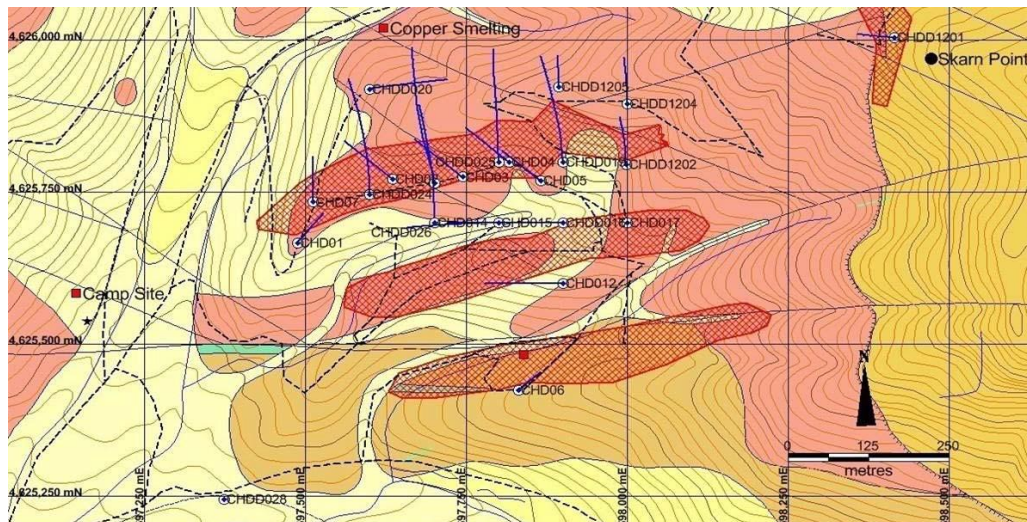
This will allow the Company to quickly define the orientation and scale of the deposit, and will be followed by a 3,000 to 5,000 metre rotary core drilling programme directed below the best trenching results. Drilling is planned to commence in July.

Mineralisation is hosted in highly altered limestone and felsic porphyry units and consists of quartz veining and associated alteration. The alteration is heavily impregnated with sulphides of pyrite and chalcopyrite. The exceptional gold and copper results are associated with faulting along the contacts between limestone units that have been modified by mineralised fluids related to the underlying copper and gold porphyry intrusions to the southeast at Chanach.

## CHANACH PORPHYRY COPPER DEPOSIT

Chanach is located 2 kilometres to the southeast of Aucu, and is one of five targets that appear to follow a north westerly to south westerly trend that extends for a distance of approximately 14 kilometres within the project area.

Chanach is a porphyry copper and gold target that exceeds 3 square kilometres in surface expression. Mineralisation is identified in a zone that is 100 to 500 metres in width, with drilling reporting near surface values in individual holes of 10 metres at 1.01% copper, 14 metres at 0.77% copper, 50 metres at 0.49% copper, and 80 metres at 0.50% copper.



CHANACH COPPER AND GOLD PORPHYRY CONSISTS OF THREE PARALLEL MINERALISED ZONES

This drilling has identified the presence of three zones of mineralisation located at a depth range of 100 to 350 metres.

Drilling also identified a supergene zone or enriched zone that occurs relatively near the surface and was highlighted by an 80 metre intersection at 0.5% copper that included a 10 metre intersection at 1% copper, and a 40 metre intersection at 0.5% copper.

The Company plans to undertake an evaluation of the two southern parallel mineralised zones with a 1,500 metre rotary core drilling programme that will expand the mineralised footprint at Chanach.

This will be followed by metallurgical test work on leaching of near surface copper oxide material, and testing of deeper copper sulphide ore.

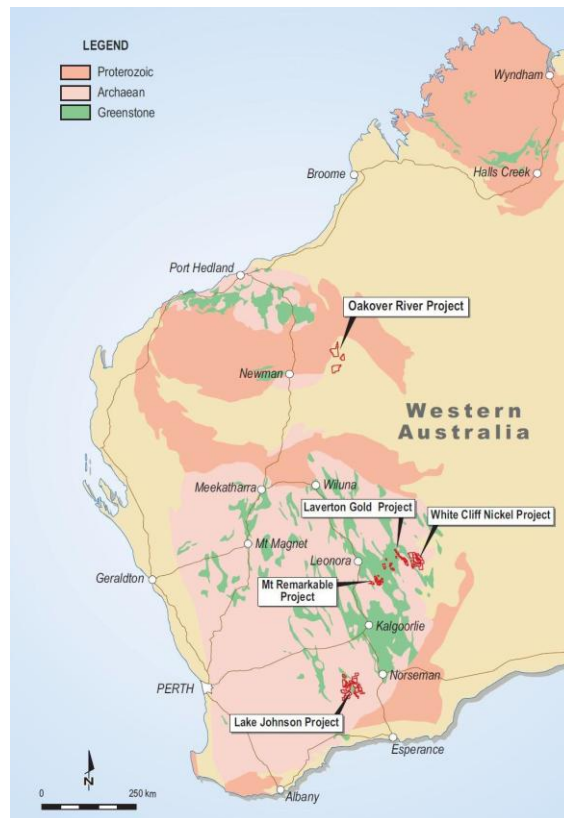
The bulk of trenching and drilling has outlined a large area that contains extensive copper oxide mineralisation that is amenable to heap leaching.

**White Cliff has proposed a work programme that is aimed at evaluating the potential for definition of a very large tonnage and moderate grade deposit.**

## WESTERN AUSTRALIAN PROJECT AREAS

Lake Johnston Nickel Project, Merolia Nickel Copper Project, Laverton Gold Project and Mount Remarkable Gold Project are all located in Western Australia. The exploration focus is currently directed at the Lake Johnson and the Merolia Nickel Projects.



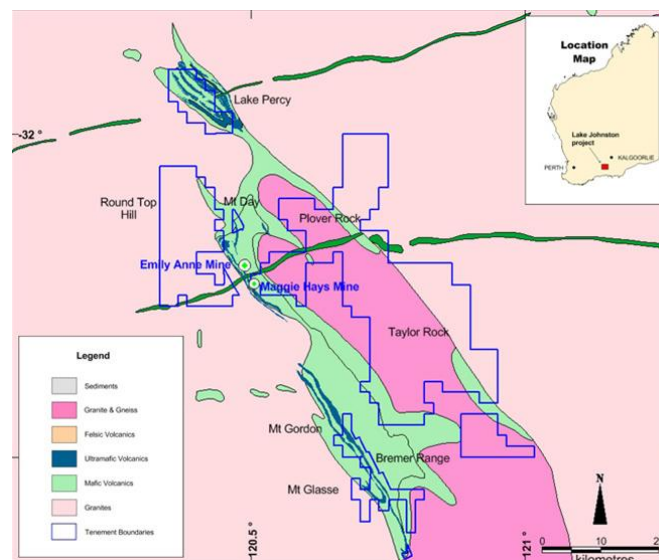


PROJECT AREAS IN WESTERN AUSTRALIA

## LAKE JOHNSTON NICKEL PROJECT, WESTERN AUSTRALIA

Lake Johnston is 100% owned and covers 650 square kilometres in the Lake Johnston Greenstone Belt. The belt includes nickel resources of 140,000 tonnes at the Emily Ann and Maggie Hayes nickel sulphide mines operated by Norlisk.

The project area is highly prospective for both komatiite associated nickel sulphides and amphibolite facies high grade gold mineralisation that are concealed by transported cover, and contains little outcrop.



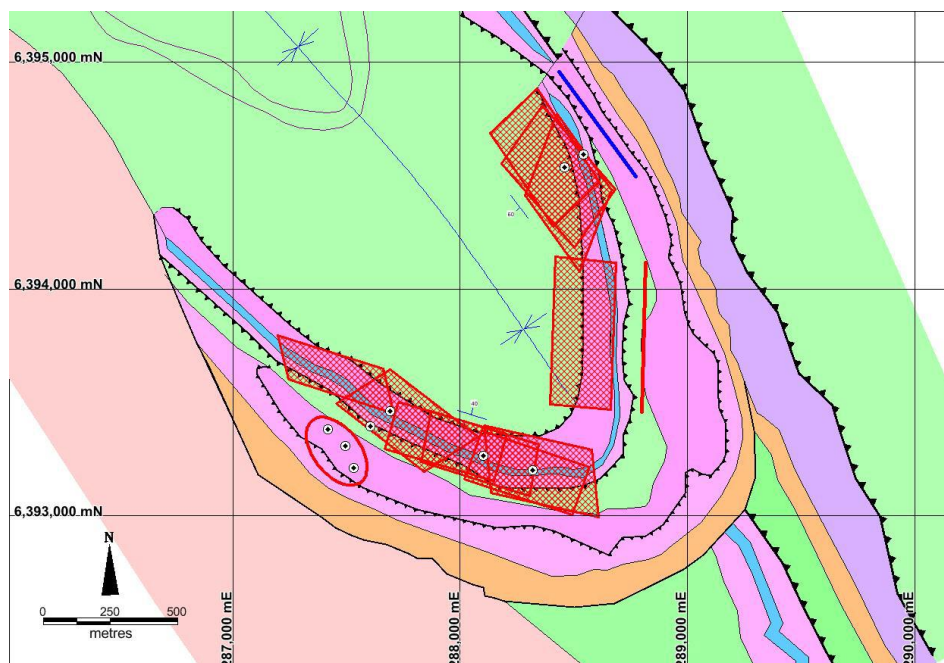
LAKE JOHNSTON PROJECT AREA

## MOUNT GLASSE PROSPECT – NICKEL AND COPPER TARGETS

Recent geophysical surveys have identified multiple new nickel sulphide targets that require drill testing within the Mount Glasse prospect. White Cliff will test four electromagnetic targets in the southern section of Mount Glasse via a drilling programme that will exceed 1,000 metres.

The West Australian government has provided grant money of \$150,000 that will fund approximately half of the planned drilling program.

Drilling is expected to get underway in the current quarter.



MOUNT GLASSE PROSPECT HOSTS ANOMOLOUS NICKEL COPPER AND PLATINUM GROUP VALUES AND MAGNETIC TARGETS

The magnetic targets are located along ultramafic contacts that are associated with sediments. Prior drilling reported 4 metres at 1.3% nickel and 330 parts per million of copper, and 4 metres at 1.2% nickel and 500 parts per million copper.

Surface sampling has also identified high values of nickel, copper, platinum and palladium in soils that lie immediately above a copper target. A deeper MLTEM (electromagnetic) target is located along the contact point of ultramafic and felsic volcanics at a vertical depth of approximately 225 metres.

## MEROLIA NICKEL AND COPPER PROJECT, WESTERN AUSTRALIA

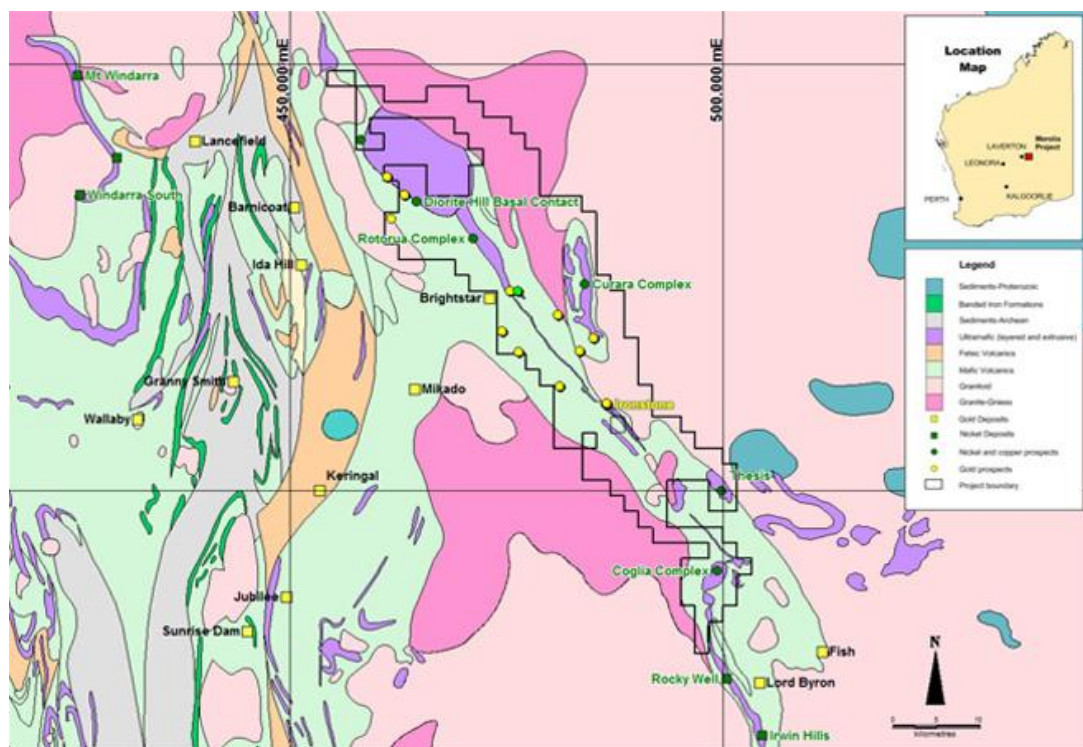
The Merolia Nickel and Copper Project covers an area of 771 square kilometres that is highly prospective for magmatic nickel and copper sulphides (both layered ultramafic and extrusive komatiitic types) and for orogenic gold deposits.

Merolia is located to the east of Laverton and covers multiple nickel and copper anomalies that are located along a 65 kilometre long ultramafic sequence that extends from north to south, and includes a major section of Merolia greenstone belt.

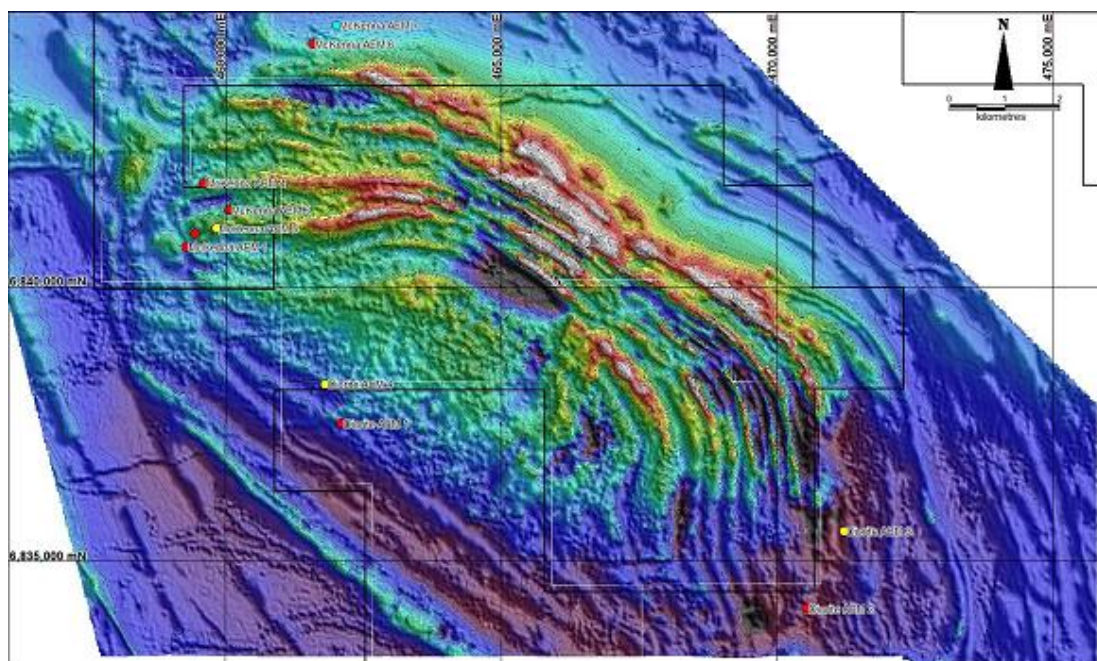


Major nickel and copper targets have been identified at Diorite Hill basal contact, and the Rotorua ultramafic complex in the northern extension of Merolia. This extends to the southernmost extension of Merolia where nickel, platinum and palladium values have been recovered from the Coglia ultramafic complex.

Regional examples of layered mafic and ultramafic intrusions where both nickel and copper are found include the Nova Bollinger deposit in the Frazer Range, Sally May deposit in the Kimberly's and the Neo Babel deposit in the Musgrave region. Examples of ultramafic lava flows where nickel and copper are found include the Victor Long deposit in Kambalda, Camelwood (Rox Resources), and Rosie deposits north of Laverton.



MEROLIA PROJECT AREA - YELLOW CIRCLES INDICATE GOLD TARGETS AND GREEN CIRCLES NICKEL TARGETS



RECENTLY UPDATED ELECTROMAGNETIC IMAGE OF 10 ANOMALOUS RESPONSES ALONG DIORITE HILL MAFIC-ULTRAMAFIC INTRUSION

Recently completed airborne electromagnetic (HOISTEM) survey identified 10 anomalous responses along the Diorite Hill mafic-ultramafic intrusion. This was followed by a 1350 sample geochemical soil sampling program over these 10 targets with assays awaited shortly. The soil sampling program is seeking evidence of a nickel copper halo to confirm presence of a massive sulphide target.

Interpretation of these assay results will be followed by detailed ground electromagnetics to confirm bedrock conductors and generate nickel and copper targets for drilling in the second half of 2014.

Recent discoveries in the area include Camelwood for nickel, Collurabie for nickel, copper and platinum group metals, and Mulga Tank for nickel and copper. Established nickel resources in the 1-2 million tonne range are located at Mount Keith, Perservance and Kambalda.

Drilling highlights for gold include a 24 metre intersection of gold at 8.6 grams per tonne from a depth of 113 metres at the Ironstone Range. Wide alteration zones prospective for gold mineralisation have been identified across the project area that included rotary air blast drilling of 2 metres at 3.01 grams per tonne from a depth of 50 metres that was evaluating an 800 metre strike extension.

#### **CAPITAL RAISING UNDERWAY**

On 12 March of 2014 the Company announced an oversubscribed issue of 133 million shares at \$0.009 per share to raise \$1.2 million from professional investors. White Cliff has issued 18.6 million shares and 9.3 million options pursuant to the funding, and will seek shareholder approval on 2 May 2014 to issue the balance of the shares.

A Share Purchase Plan is also underway to raise \$0.502 million which would see an additional 55.8 million shares issued at \$0.009 per share. This will bring the total raise to \$1.7 million before payment of fees.

#### **EXPLORATION CATALYSTS FOR 2014 – STRONG NEWS FLOW**

- Drilling for nickel and copper at Lake Johnston in April – Q2 of 2014
- Finalising drill targets at Merolia for nickel and copper in April – Q2 of 2014
- Trenching for copper and gold at Aucu in April – Q2 of 2014
- Magnetic Studies at Aucu and Chanach for copper and gold in May – Q2 of 2014
- Trenching at Chanach for copper and gold in June – Q3 of 2014
- Drilling at Aucu for copper and gold in July – Q3 & Q4 of 2014
- Drilling at Chanach for copper and gold in August – Q4 of 2014

With strong exploration news flow commencing in April, White Cliff is leveraged to success given the significant number of shares held by the top 50 shareholders of 54%. Drilling at Lake Johnston; drilling at Merolia; trenching at Aucu; trenching at Chanach for copper and gold and drilling at Aucu and Chanach are all potential “game changers”.

In the event, it would very quickly belie the Company’s \$2.4 million current market valuation.

## ANALYSIS & VALUATION

**White Cliff Minerals** is currently capitalised at \$2.4 million, and exhibits an aggressive and multi-faceted exploration profile that belies its undemanding market capitalisation.

The Company is completing a \$1.7 million raising which would provide sufficient funds drilling of its Chanach copper and gold project and the Lake Johnston and Merolia nickel and copper projects.

Administrative cash burn of around \$100,000 per quarter for an active international explorer ranks White Cliff as an extremely frugal and investor friendly developer.

Peer Group comparisons of ASX-listed nickel explorers that are exploring in the same or similar greenstone belt in Western Australia include:

- Impact Minerals (ASX: IPT) market capitalisation of \$15 million,
- St. George Mining (ASX: SGQ) of \$8.5 million,
- Matsa Resources (ASX: MAT) of \$27 million,
- Classic Minerals (ASX: CLZ) of \$9.5 million,
- White Cliffs Minerals \$2.4 million,
- Median valuation of \$15 million

Company	Market Cap(\$M)
IPT	15
SGQ	8.5
MAT	27
CLZ	9.5
WCN	2.4
Median	15

This demonstrates the upside potential and the under-valuation of White Cliffs to its nickel explorer peers and should its exploration program begin to bear fruit.

All of these companies have exhibited very share price appreciation in the recent past that was based on early stage nickel exploration promise.

The search for West Australian nickel resources has potential to create very significant upside in the near term.

Sirius Resources (ASX: SIR) soared from under \$0.05 in mid-2012 to \$5.00 per share in March 2013 after it discovered the Nova Bollinger Nickel and Copper Deposit in the Fraser Range of Western Australia.

Peer group comparisons of copper-gold explorers operating in the in the Kyrgyz Republic are a little more challenging to tabulate but include:

- Manas Resources (ASX: MSR) market capitalisation of \$12.4 million,
- Chaarat Gold Holdings (LON:CGH) at £29.2 million,
- Central Asia Resources (ASX:CVR) at \$17.7 million



Company	Market Cap(M)
MSR	A\$12.4
CGH (LON)	£29.6
CVR	A\$17.7
WCN	A\$2.4

Kyrgyz gold resources under development by Manas Resources (ASX: MSR) has completed Bankable Feasibility Studies and carries an Enterprise Valuation of A\$5.85 per ounce for 3.4 g/t open pit gold resources, and Chaarat Gold (LSE: CGH) which has reached Pre-Feasibility Studies for an Enterprise Valuation of A\$6.45 per ounce for 3.3 g/t gold.

Interestingly, Robust Resources (ASX:ROL) announced last quarter it would vend in and list its Kyrgyz Republic assets (Talas gold-copper project (4.5Mozs Au, 1,178Mlb Cu) and Andash Project) on London's AIM market, by vending these assets into a listed company, which would value these assets at £27million.

This highlights the investor interest in and prospectivity of Kyrgyz mineral projects.

Recently completed trenching at Aucu has confirmed the presence of three parallel mineralised zones. Based on width of mineralisation identified in the three zones we can arrive at a conceptual tonnage target of from 6.7 to 7.5 million tonnes per 1,000 metres of strike, and depth of 100 metres.

This conceptualisation assumes uniformity along strike and depth along with typical rock density, and underlines the very significant exploration upside that is being evaluated.

Confirmation of continuity of mineralisation from the upcoming trenching programme allied with high metal values in this type of setting would see a significant re-rating of White Cliffs.

Regional mines within 100 kilometres of the Aucu project that are being exploited for vein style gold host resources of 2.2 - 4.0 million ounces of gold at grades of around 3 - 4.1 grams per tonne, and may be indicative of the potential here.

The nearby Chanach porphyry copper and gold discovery also exhibits very significant exploration upside. There are at least four porphyry style deposits in the area that host total resources of 1.0 – 40.1 million ounces of gold and 0.17 – 10 million tonnes of contained copper. Grades within these resources host copper grades of 0.38 - 0.85% and gold of 0.35 to 1.02 grams per tonne.

Both peer group comparisons highlight the undervalued nature of White Cliffs.

While White Cliffs' exploration phase is at an earlier stage, the comparisons point to upside potential.

On our analysis, we arrive at a valuation of up to \$0.06 per share (undiluted) or \$0.04 (fully diluted for new issue), and is based on positive early stage data that has identified 4 electromagnetic nickel and copper targets at Lake Johnson, and 10 electromagnetic nickel and copper targets at Merolia.

White Cliffs provides investors with a highly leveraged exposure to exploration success from an extremely active 2014 exploration program that is focused on gold, gold copper, and nickel and copper.

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