



**Breakaway
Research**

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Company Information

ASX Code	WRM
Share Price	A\$0.037
Ord Shares + rights	188.2m
Market Cap A\$	A\$6.9m
Cash (31 Dec 13)	A\$2.9m
Total Debt	A\$0m
Enterprise Value	A\$4.0m

Directors & Management

Non-Exec Chairman	Brian Phillips
Managing Director	Geoff Lowe
Non-Executive Director	Steve Olsen
Non-Executive Director	Peter Lester
Exploration Manager	Rohan Worland

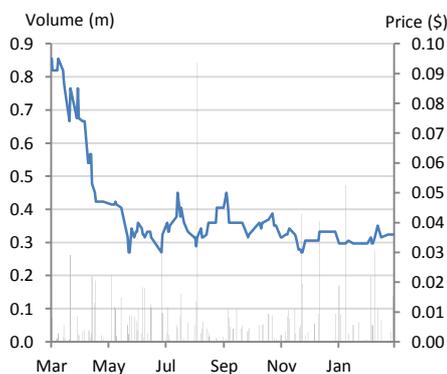
Substantial Share Holders

Avalon Ventures Corp	42.5%
Greenstone Property	11.4%
Silverstone Investment	3.6%
Top 20	69%

Company Details

Address	24 Skipton Street Ballarat Victoria VIC 3350
Phone	+613 5331 4644
Web	www.whiterockminerals.com.au

1 Year Price Chart



White Rock Minerals (WRM)

*Steadily advancing the highly prospective
Mt Carrington silver-gold project*

Recommendation: Speculative BUY

Company Update

Key Points

- **JORC Resource of 23.5Moz of silver and 338Koz of gold**
- **100% interest in highly prospective Mt Carrington project area**
- **PFS studies ongoing following increased confidence in the resource and positive Scoping Study**
- **Initially targeting production of 40,000oz AuEq p.a.**
- **Historical infrastructure supports low CAPEX model**
- **Conceptual Project Development accepted by the NSW Government**
- **Significant exploration potential with ~70 targets still to be tested**
- **Additional untested copper porphyry potential**

White Rock has a 100% interest in the highly prospective Mt Carrington project area, located in northern NSW. A recent resource category upgrade provides further confidence that Mt Carrington can host a medium scale gold-silver operation, buoyed by existing infrastructure which supports a low CAPEX development model

Investment Thesis

White Rock Minerals (ASX: WRM) continues to make steady progress at the Mt Carrington gold-silver project, located in northern NSW.

The Mt Carrington Project incorporates eight nearby deposits which combine to form a global resource base of 700,000oz @ 1.4g/t AuEq. Following an infill drill program at the flagship White Rock deposit (4.4Mt @ 58g/t Ag for 8.2Moz Ag), the company announced a resource category upgrade, shifting 1.7Mt @ 77g/t Ag for 4.2Moz Ag into the higher 'Indicated' category. The upgrade in the resource now completes the major geological component of its assessment plans and puts the company firmly on the path to development.

White Rock also recently announced that the 'Conceptual Project Development Plan' for the Mt Carrington project had been submitted to the NSW Department of Trade and Investment and was approved, and referred to the Department of Planning and Infrastructure.

Encouragingly, the White Rock deposit is already located within a 'Mining Lease' and is well supported by historical infrastructure (such as a tailings dam), providing confidence development consent can be gained in a timely manner. Pre-feasibility studies are well advanced, centred on permitting, metallurgical test work and baseline studies.



Investment Thesis Continued...

In July 2012, White Rock completed a Scoping Study on the Mt Carrington gold-silver project. The Study outlined the parameters for a medium-scale operation targeting production of ~40,000oz AuEq per annum. Although the current global resource contains 8 separate deposits, the Scoping Study only assessed mining five of the deposits (based on open pit shells).

2012 Scoping Study indicates robust returns

Scoping Study based on A\$1500/oz gold and \$30/oz silver

The key outcomes of the Scoping Study are listed below:

- 800ktpa, 6 year operation, producing 107koz Au, 6.9Moz Ag
- 40,000ozpa AuEq production
- Capital cost of A\$24M
- Cash operating costs of \$46/tonne milled (\$869/oz AuEq)
- NPV10 of \$40M, IRR of 62% post tax
- Gold price of \$1,500/oz, silver price of \$30/oz

White Rock envisage an 800ktpa processing plant with a CIL circuit (to recover gold) and a floatation circuit (to recover the silver). Significant infrastructure is still in place from the historical 'Mount Carrington Mines' mining operations, contributing to a low CAPEX estimate of A\$24M. These items include:

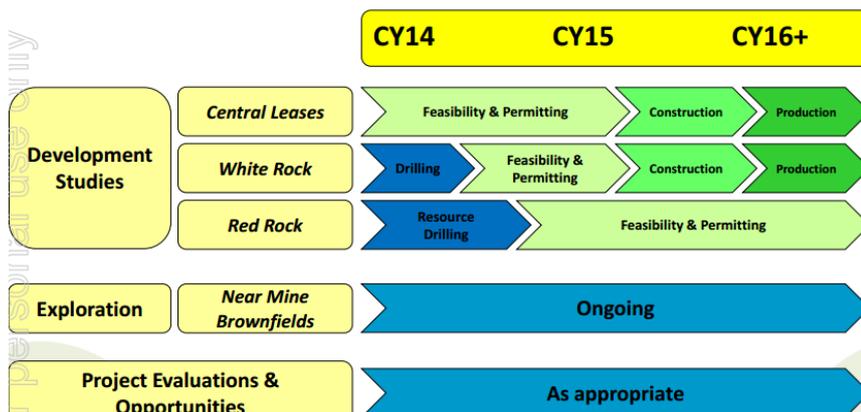
Existing infrastructure supports low CAPEX requirement

- 1.5Mt tailings dam (with room for expansion)
- 750ML freshwater dam
- Administration and exploration offices
- Water treatment plant
- Connection to the power grid
- Sealed highway access

Following the positive outcomes of the 2012 Scoping Study, White Rock commenced with infill drill programs, metallurgical studies and permitting. The Company's proposed development timeline is illustrated below:

Mount Carrington Development Timeline

Development and exploration to run in parallel



Source: White Rock Minerals

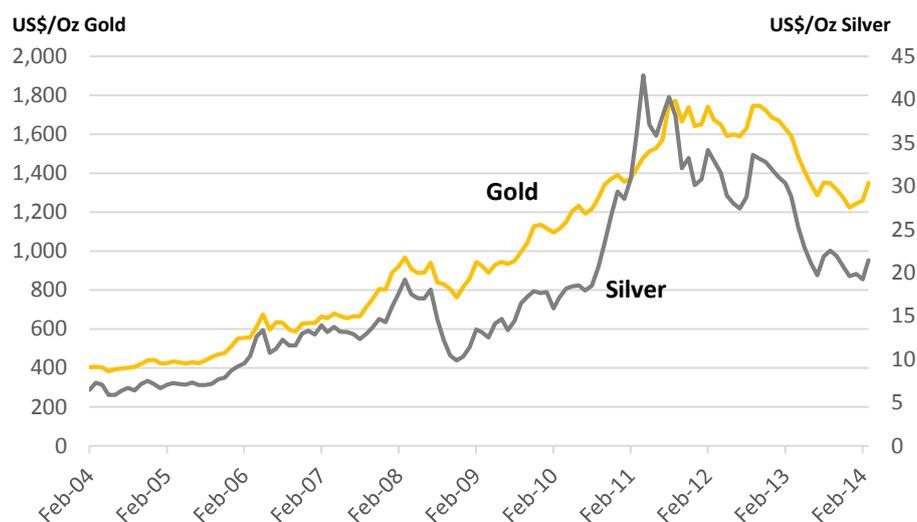
White Rock's strategy is to progress development activities, while continuing near mine and brownfields exploration. Once in production, cash flow may then be used to fund more aggressive exploration within its highly prospective tenement package, and potentially fund an increase in the scale of the processing plant.



Outlook for Gold and Silver

10 year gold and silver price in USD

Gold and silver price appear to have 'bottomed out'



Source: Indexmundi and kitco

As illustrated in the 10-year price chart above, gold and silver have both come off from the highs seen 2011, however, there are signs that this weakness has 'bottomed out' providing optimism for firmer prices in the years ahead. As we go to press gold prices are continuing to firm around US\$1,350/oz, while silver is at US\$21.50/oz.

Consumer demand for gold increased 21% in 2013

2013 saw consumers increase demand by 21% (a record breaking year) for jewellery, small bars and coins, largely led by China and India. This consumer demand was offset by large institutions (ETF's) 'off-loading' gold to the Asian and Middle Eastern markets as sentiment in the US started to improve. However, short covering activity in early 2014 appears to have reversed this trend.

According to the World Gold Council, ETF outflows totalled 880.8t for 2013 while three quarters of these outflows were absorbed by growth in annual consumer demand, totalling 678.4t – "the largest year-on-year increase since our records began and a demonstration of the strength of physical demand for jewellery, bars and coins".

Breakaway's View

Ongoing exploration success is key

The key to White Rock's progress is the likelihood of continuing exploration success. We believe that the Company's tenements are highly prospective for further precious and base metals discoveries and the expansion of existing resources, with White Rock having an exploration team with a track record in discovery.

Outlook for gold and silver appears positive

At current metals prices the production scenario is not without risk and development of an operation based on current resources alone is likely to provide modest returns. However, the outlook for both gold and silver looks promising, in our view, providing commodity price leverage once in production.

EV of \$4M provides little downside risk

Over time, exploration success should build the resource base to a level that will support a robust initial operation (with the high grade White Rock silver deposit providing early feed), which can be further grown as additional discoveries are made.

The Company is well funded to pursue its exploration strategy and with an Enterprise Value of just \$4M there continues to be strong potential for a market re-rating on the back of development milestones and exploration success.



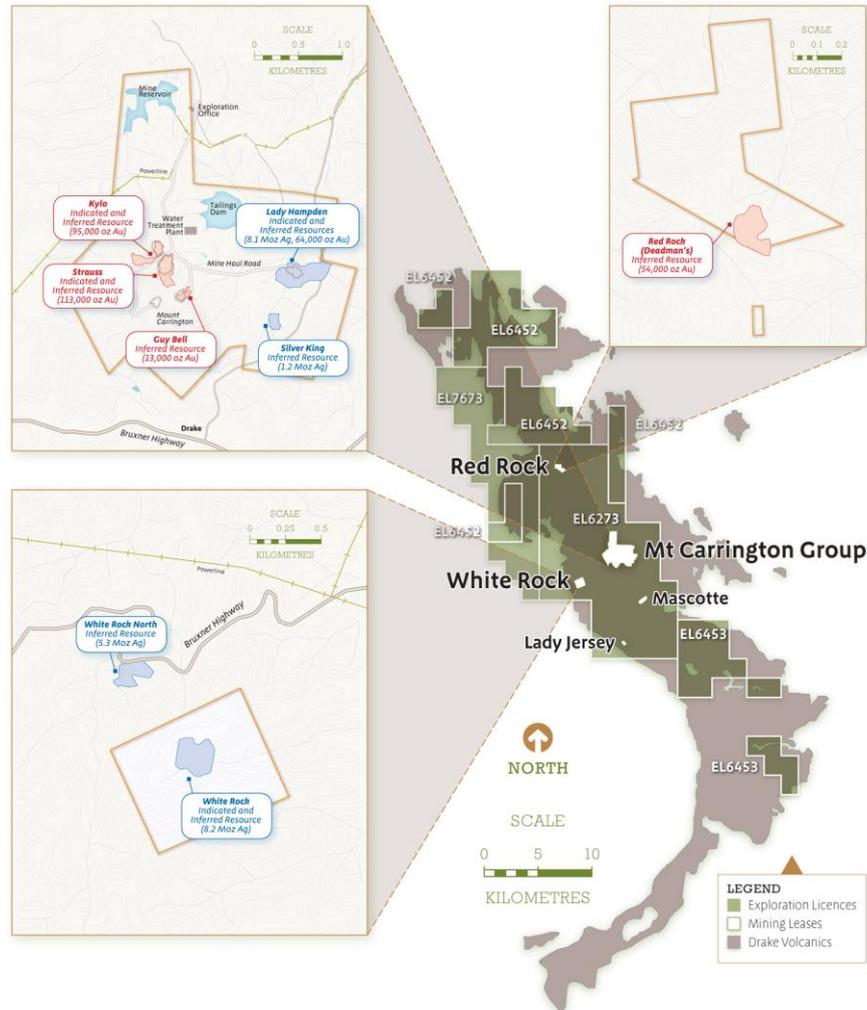
Project Review

Mount Carrington Project (WRM 100%)

The Mount Carrington Project incorporates 22 granted Mining Leases and four exploration licences, covering a total area of ~480km² within the New England Fold Belt, northern NSW.

Mt Carrington: Tenement Map

Large tenement position incorporating 22 existing Mining Leases



Source: White Rock Minerals

Highly Prospective Region

Interpreted to be a collapsed volcanic Caldera

White Rock's project is located over Permian Drake Volcanics and covers the 'Drake Quiet Zone' which has been interpreted to be a collapsed volcanic caldera. Caldera's are often sites of intense geothermal activity, making them potential sites to host ore deposits. Examples include the Emperor Gold Mine in the Tavua Caldera (Fiji, +10M oz Au), Creede (Colorado, 80Moz Ag) and Round Mountain (Nevada, 10Moz Au).

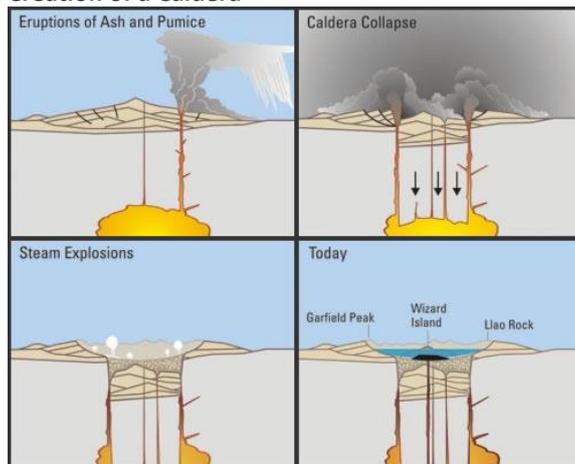
Historical Operations

Never explored using modern exploration

Gold was first discovered in the region in the 1850's with numerous small scale operations active until ~1920. The largest operator in the region was Mount Carrington Mines (MCM) which mined 22,951oz of gold and 434,870oz of silver from 485,516 tonnes of ore from 1988 – 1990. Due to the prevailing metal price at the time (US\$370/oz gold and US\$5/oz Ag), mining operations ceased.



Creation of a Caldera

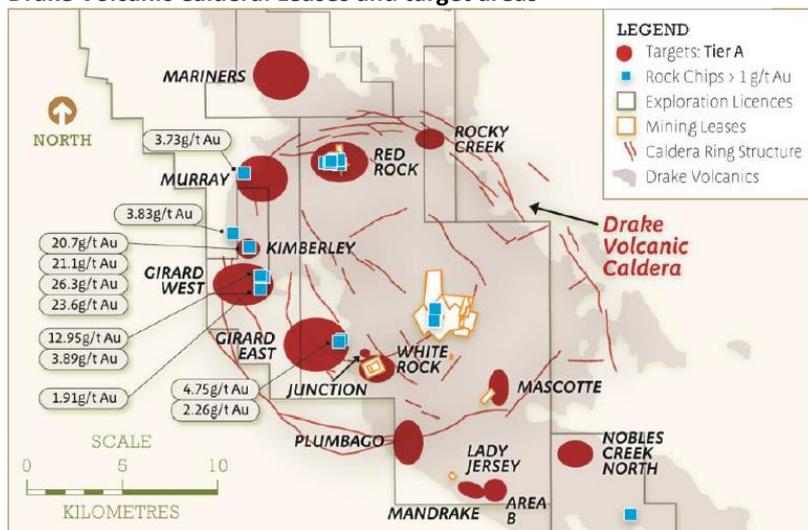


Source: Geology.com

Intense geothermal activity makes caldera's highly prospective for ore deposits

The 'Drake Quiet Zone' caldera has a diameter of ~20km and hosts multiple targets prospective for gold, silver and copper. The mineralised zones exhibit a broad mineral zonation, with Au-Cu at the hottest central part of the caldera, grading through gold dominant mineralisation and then to silver dominant at the cooler periphery

Drake Volcanic Caldera: Leases and target areas



Source: White Rock Minerals

Approximately 70 targets identified for further investigation

Historical exploration has concentrated on the main zones - however, significant exploration potential still exists. White Rock has identified around 70 additional targets within 20km of the central Mount Carrington ML's, highlighting the prospectivity of White Rock's tenement package.

JORC Resources

Silver dominant resource and a gold dominant resource

The current JORC Resource incorporates eight epithermal gold-silver resource zones having been delineated in two groups; a silver rich group which contains **12.5Mt @ 57g/t Ag (22.8Moz Ag, 64koz Au in four deposits)** and a gold rich group which contains **6.0Mt @ 1.3g/t Au (275koz Au, 639koz Ag in four deposits)**.

There is excellent potential to grow this gold/silver resource through delineation of extensions to the known mineralisation, as well as via new discoveries, in this under-explored region. Given the geological setting, there is also potential for the discovery of porphyry Cu-Au mineralisation distal to the current epithermal resources.



MT CARRINGTON JORC MINERAL RESOURCES (November 2013)

Recent resource upgrade with ~51% of White Rock ore in 'indicated' category

Global resource defined by 8 separate deposits

Silver Dominant Resources						
	Deposit	Tonnes	Gold Grade (g/t)	Gold Ounces	Silver Grade (g/t)	Silver Ounces
Ind.	Lady Hampden	1,840,000	0.6	37,000	69	4,056,000
	White Rock	1,710,000	-	-	77	4,214,000
	Sub Total	3,550,000	0.3	37,000	72	8,270,000
Inferred	Lady Hampden	2,470,000	0.3	27,000	51	4,023,000
	White Rock	2,660,000	-	-	47	3,978,000
	White Rock North	3,180,000	-	-	52	5,314,000
	Silver King	640,000	-	-	59	1,218,000
	Sub-Total	8,950,000	0.1	27,000	51	14,533,000
Total	Lady Hampden	4,310,000	0.5	64,000	58	8,079,000
	White Rock	4,370,000	-	-	58	8,192,000
	White Rock North	3,180,000	-	-	52	5,314,000
	Silver King	640,000	-	-	59	1,218,000
	Total	12,500,000	0.2	64,000	57	22,803,000
Gold Dominant Resources						
Ind	Strauss	1,240,000	1.4	57,000	3.8	153,000
	Kylo	1,590,000	1.2	59,000	2.6	133,000
	Sub-Total	2,830,000	1.3	116,000	3.1	286,000
Inferred	Strauss	1,260,000	1.4	56,000	2.6	104,000
	Kylo	760,000	1.5	35,000	1.8	43,000
	Red_Rock	1,630,000	1	54,000	3.5	182,000
	Guy_Bell	160,000	2.5	13,000	4.9	24,000
	Sub-Total	2,180,000	1.3	158,000	2.9	353,000
Total	Strauss	2,500,000	1.4	113,000	3.2	257,000
	Kylo	2,350,000	1.3	95,000	2.3	176,000
	Red Rock	1,630,000	1	54,000	3.5	182,000
	Guy Bell	160,000	2.5	13,000	4.9	24,000
	Total	6,030,000	1.3	275,000	3.0	639,000
Total Resources						
	Category	Tonnes	Gold Grade (g/t)	Gold Ounces	Silver Grade (g/t)	Silver Ounces
	Indicated	6,380,000	1.02	153,000	28.3	8,556,000
	Inferred	12,760,000	0.4	185,000	41.8	14,886,000
	Total	19,140,000	0.55	338,000	38.1	23,442,000

Source: White Rock Minerals

Metallurgical Studies

Metallurgical studies ongoing to define optimum flow sheet

Metallurgical test work has been undertaken on material from each of the deposits to gain detailed data on the ore characterises at each of the deposits. This data will then be used to determine the optimum processing flow sheet. Results to date have been generally positive, however, test work is still ongoing to refine the process scenarios. White Rock anticipates the processing flow sheet will be completed by mid-2014.



Exploration Potential

The Mt Carrington Project hosts significant exploration potential in three particular areas:

Multiple opportunities for exploration success

- Extensions to the known deposits
- Further gold-silver discoveries
- Porphyry copper potential

Extensions to known deposits

Much of the work around the deposits (including the mined pits) has been shallow, with the majority of the drilling <100m deep. Ongoing drilling by the Company has expanded the resources (as demonstrated with the recent White Rock resource upgrade), highlighting the exploration potential which still exists around the already identified deposits.

Deposits largely untested along strike (and at depth)

A six hole drilling program was completed in October 2013 at the Red Rock prospect, originally designed to test the interpreted southern extension of the 54,000oz gold resource at the 'Deadman's Zone'. Encouragingly, drilling defined a 50m extension to the 300m x 100m mineralised zone at Deadman's, with mineralisation still open along strike and at depth.

In addition there may be the potential to define coherent zones of higher grade mineralisation. A number of historic and White Rock drillholes have intersected significantly higher grade mineralisation, which require further investigation.

Further gold-silver discoveries

Limited use of modern exploration techniques provides opportunity

As mentioned earlier there has only been limited exploration work away from the known mineralisation centres. The targeted exploration work by White Rock has now defined multiple new priority targets, **with these having the potential to add significantly to the resource base.**

Porphyry copper-gold potential

Copper porphyry potential yet to be fully tested

The area is considered prospective for porphyry Cu ±Au mineralisation. This style of mineralisation is associated with volcanic edifices, and spatially and temporally associated with epithermal precious metals mineralisation.

Quartz-sulphide vein and supergene copper mineralisation has been intersected in the Central Carrington leases, reinforcing the copper prospectivity. The existing copper targets have returned encouraging intersections, including:

Promising indications of copper mineralisation

- 45m @ 0.88% Cu from 40m (supergene, Gladstone)
- 10.1m @ 6.3% Cu from 88.0m (primary vein, All Nations)

The metals zonation and change in mineralisation styles seen through the area can provide a vector for targeting deeper porphyry-style mineralisation.



Analyst Verification

We, Grant Craighhead and Andrew McLeod, as the Research Analysts, hereby certify that the views expressed in this research accurately reflect our personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

Disclosure

Breakaway Investment Group (AFSL 290093) may receive corporate advisory fees, consultancy fees and commissions on sale and purchase of the shares of White Rock Minerals and may hold direct and indirect shares in the company. It has also received a commission on the preparation of this research note.

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