

ASX Release: 30 September 2015

Company Update – Corporate transaction negotiations commence

ASX Code: WRM

Issued Securities

Shares: 235.6 million
Options: 7 million

Cash on hand (30 June 2015)
\$0.4M

Market Cap (29 Sept 2015)
\$4.9M at \$0.021 per share

Directors & Management

Brian Phillips
Non-Executive Chairman

Geoffrey Lowe
Non-Executive Director

Peter Lester
Non-Executive Director

Matthew Gill
Chief Operating Officer

Shane Turner
Company Secretary

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SUMMARY

Heads of Agreement with Silver Mines Limited

White Rock Minerals Ltd (ASX:WRM) and Silver Mines Ltd (ASX:SVL) announced a Heads of Agreement on 23rd July 2015. WRM and SVL continue to remain in discussions with respect to a potential corporate transaction. Both companies recognize the opportunity to create a leading silver focussed resources company on the ASX.

Gold-Silver Development

White Rock has revised its September 2014 Scoping Study for the Mt Carrington gold-silver project to take into account the current favourable Australian gold price, and including its significant silver resources. The results see a 180% increase in the project's NPV₁₀ from A\$15.5M to A\$43.9M, a payback of just over one year, and an increase in the mine life from 3 years to 7 years.

This Scoping Study review and subsequent economic uplift lends further weight to the quality nature of the asset, and the belief that its development is an attractive investment proposition, and enables and supports a silver consolidation strategy as it teams up with Silver Mines to realise the vision of being a significant silver focused resources company on the ASX.

Mt Carrington Exploration - Copper

White Rock is encouraged by its recently completed three drill hole program testing a large geophysics anomaly (ASX Release 30 July 2015), focused on the newly identified porphyry copper-gold targets at the Mt Carrington Project.

In its final Report to the NSW Government, as part of its New Frontiers Cooperative Drilling Program, White Rock concluded:-

"First pass drilling on the recently-defined chargeability anomalies has confirmed that an extensive zone of sulphide alteration encompasses the western copper-gold zone, paving the way for further exploration of these targets."

White Rock intends to conduct follow-up exploration on this newly identified mineralised zone, and plans to make another application to the NSW Government's New Frontiers Cooperative Drill program when that becomes available.

COMPANY UPDATE

Heads of Agreement with Silver Mines Limited

The Company announced on 23rd July that it had signed a Heads of Agreement with Silver Mines Ltd (ASX:SVL) whereby Silver Mines will provide White Rock with funding of up to \$500,000 as part of a broader commitment by the parties to consider a corporate transaction (Corporate Transaction). A Corporate Transaction means the possible merger, acquisition or other business combination of all or part of the businesses, assets or entities of the parties.

White Rock and Silver Mines have commenced discussions and are undertaking the necessary due diligence, with both companies working towards a definitive agreement in relation to a Corporate Transaction.

Both companies recognise the opportunity to create a leading silver focused resource company on the ASX. There exists a significant opportunity to acquire undervalued silver assets in the current market. Both Silver Mines and White Rock believe strong investor interest can be gained by the accumulation of significant silver assets on very attractive pricing structures, and this is evidenced by Silver Mines' recently announced fully underwritten Rights Issue to raise \$2.8M. To achieve this in the current depressed market is an indication of investor interest in this strategy.

A corporate transaction that combines White Rock's assets with Silver Mine's is seen as the beginning of this silver consolidation strategy. This possible corporate transaction would provide investors with a unique opportunity to invest in one of only a handful of "pure play" silver companies on the ASX, with a direct exposure not only to any upside in silver prices, but also to gold.

The potential combined entities would see White Rock's advanced Mt Carrington Project and Silver Mine's high grade Webbs Project with a combined resource based of some 58M ounces of silver equivalent. Silver Mines is in the process of acquiring the Conrad Silver project from Malachite Resources (ASX:MAR). Once transacted, this would add a further 9.6M ounces of silver to the combined inventory.

Silver Mines has 2 Exploration Licence Applications (ELAs) covering 650 square kilometres surrounding and along strike from the 134M ounce Bowden's Silver Project owned by Kingsgate Consolidated Ltd, also in NSW.

White Rock and Silver Mines continue to review other silver assets that fit within their shared vision to develop a significant "pure play" silver company.

Mt Carrington Exploration - Copper

White Rock recently completed a three drill hole program testing a large geophysics anomaly (ASX Release 30 July 2015), focused on the newly identified porphyry copper-gold targets at the Mt Carrington Project.

White Rock, in its ASX release of 30 June 2015, stated:-

"White Rock Mineral's Mt Carrington gold-silver-copper project, 5km from Drake in northern New South Wales, now presents a compelling case for further detailed exploration as a result of the first pass drilling. This recent drilling has defined a large zone of sulphide alteration that extends the system over 2km west of previous known limits, and to a depth of at least 800 metres."

The initial three drill hole program, for a total of 1,401 metres, was conducted during the June Quarter, testing the three main chargeability targets defined by the MIMDAS geophysics survey completed in February. Each drill hole intersected extensive disseminated pyrite alteration of sufficient intensity and distribution to explain the chargeability response. The alteration and chargeability anomalies identified are open to the north, west and south, and open at depth, presenting significant potential for future mineralisation discovery. This style of alteration is typically observed elsewhere within the outer and upper portions of a mineralised copper-gold porphyry and/or intrusive related gold system. The success of this geophysical technique provides confidence in further defining the system with follow-up work in conjunction with more detailed analytical studies on the drill core to help vector towards the source of mineralisation.

White Rock is pleased to acknowledge the NSW Government's co-funding drilling initiative program, from which the Company has been reimbursed approximately \$140,000 of direct drilling costs. White Rock is encouraged by the results from this first pass exploration drilling program and intends to make application when the next round of NSW New Frontier Program becomes available.

Mt Carrington Gold-Silver Development

White Rock released a Scoping Study in 2014 with a focus on developing its gold dominant resources, and staging its silver resources to follow. The results of this Scoping Study were released to the ASX on 16 September 2014.

White Rock has revisited this Study, to now consider the more favourable Australian gold price, and to recognise the value of its in-ground silver resources, totalling some 23 million ounces.

White Rock believes the current gold price, reaching and exceeding A\$1,600 per ounce, presents real upside to the Project, and especially when coupled to the development of its silver resources.

Table One highlights the significant improvement in Project economics when an improved Australian gold price is used, and the silver resources are added to the production profile. Of note:-

- ✓ The Project has excellent exposure to both gold and silver as revenue streams,
- ✓ The revised strategy of mining the Project's silver resources after the gold, unlocks that value through a three times increase in the Project's NPV, and a doubling of the Project's known mine life,
- ✓ The free cash generated (~A\$74M (undiscounted)) would underwrite further advancement of the silver consolidation strategy, and to explore and develop not just the Mt Carrington tenements, but also opportunities further afield.

This significant improvement in project metrics adds further weight to White Rock's silver consolidation strategy, using the Mt Carrington gold asset as the enabler to develop its silver resources, whilst also advancing its corporate transaction discussions with Silver Mines Limited, with the aim of becoming a significant "pure play" silver company. This development strategy provides the optionality and opportunity to commence with a positive cash flow generation from an initial focus on producing gold. This initial focus would provide a sound return on the capital invested, and unlock the value of the Project's silver resources for subsequent development.

Parameter	2014 Study Summary	2015 Study Summary	Comment
A\$ Gold price	A\$1400 / oz	A\$1600 / oz	Improved Australian gold price in 2015.
A\$ Silver price	A\$22 / oz	A\$22 / oz	
Proposed development	Two gold dominant pits	Two gold dominant pits, and three silver dominant pits	Uses the Project's gold & silver JORC resources
Production – Gold Ounces	93,000 ¹	111,000 ²	+19%
Production – Silver Ounces	87,000 ¹	6,700,000 ²	+7,600%
Life of Mine (years)	3.4	7.0	+105%
Net Present Value (NPV ₁₀)	A\$15.5M	A\$43.9M	+183%
Internal Rate of Return (IRR)	51%	80%	+56%
C1 Cash Cost (A\$/Oz Au Eq) for the gold dominant pits	A\$883/oz	A\$881/oz	Same
C1 Cash Cost (A\$/Oz Ag Eq)		A\$12.10/oz	
Capital Cost	A\$20.6M	A\$25.4M	
Initial Capital payback	17 months	14 months	

Table One. Mt Carrington Project Economics comparison between 2014 and 2015

¹ Gold dominant pits produce gold-silver dore

² Silver dominant pits produce a precious metal concentrate containing silver and gold

The project has leverage to the Australian gold price, with a A\$100/oz gold price movement equating to ~A\$7.5M change in the project's NPV.

The project also has leverage to the Australian silver price, with a A\$2/oz silver price movement equating to a ~A\$6.2M change in the project's NPV.

The scoping study referred to in this report is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

In discussing 'reasonable prospects for eventual extraction' in Clause 20, the JORC Code 2012 ('Code') requires an assessment (albeit preliminary) in respect of all matters likely to influence the prospect of economic extraction including the approximate mining parameters by the Competent Person. While a Scoping Study may provide the basis for that assessment, the Code does not require a Scoping Study to have been completed to report a Mineral Resource.

Scoping Studies are commonly the first economic evaluation of a project undertaken and may be based on a combination of directly gathered project data together with assumptions borrowed from similar deposits or operations to the case envisaged. They are also commonly used internally by companies for comparative and planning purposes. Reporting the results of a Scoping Study needs to be undertaken with care to ensure there is no implication that Ore Reserves have been established or that economic development is assured. In this regard it may be appropriate to indicate the Mineral Resource inputs to the Scoping Study and the process applied, but it is not appropriate to report the diluted tonnes and grade as if they were Ore Reserves. While initial mining and processing cases may have been developed during the Scoping Study, it must not be used to allow an Ore Reserve to be developed.

About White Rock Minerals

White Rock is an Australian minerals exploration company focussed on the discovery and development of shallow gold, silver and copper deposits in the New England Fold Belt, northern NSW. White Rock's cornerstone asset is the 100% owned Mt Carrington project located 5 km from the township of Drake in northern NSW, 4 hour's drive SW of Brisbane and 2 hours west from Ballina.

The Mt Carrington Project hosts shallow Indicated and Inferred Mineral Resources totalling 338,000oz gold and 23.5Moz silver on granted Mining Leases with significant mining infrastructure in place.

Exploration at Mt Carrington is in progress to generate and drill test a number of prospective near-mine copper and gold targets within a tenement area of 228km² covering the under-explored Drake Volcanics.

Resources: The Mineral Resource inventory for Mt Carrington is contained in 8 separate gold and silver deposits (Figure 1) - Kylo, Strauss, Guy Bell, Red Rock, Lady Hampden, Silver King, White Rock and White Rock North deposits. The Resource estimate for all deposits at the Mt Carrington Project totals 0.34Moz Au and 23.5Moz Ag.

MT CARRINGTON INDICATED & INFERRED MINERAL RESOURCE SUMMARY					
Gold Dominant Resources					
Resource Category	Tonnes	Au (g/t)	Gold Oz	Ag (g/t)	Silver Oz
Indicated	2,830,000	1.3	116,000	3.1	286,000
Inferred	3,810,000	1.3	158,000	2.9	353,000
Indicated & Inferred	6,640,000	1.3	275,000	3.0	639,000
Silver Dominant Resources					
Resource Category	Tonnes	Au (g/t)	Gold Oz	Ag (g/t)	Silver Oz
Indicated	3,550,000	0.3	37,000	72	8,270,000
Inferred	8,950,000	0.1	27,000	51	14,533,000
Indicated & Inferred	12,500,000	0.2	64,000	57	22,803,000
Total Resources					
Total	19,140,000		338,000		23,442,000

Mt Carrington Project - Mineral Resource Summary.

***Competent Persons Report**

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Rohan Worland who is a Member of the Australian Institute of Geoscientists. Mr Worland is engaged by White Rock Minerals Ltd as a technical consultant. Mr Worland has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Worland consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Geophysical information in this report is based on exploration data compiled by Mr Terry Hoschke who is employed as a Consultant to the Company through the geophysical consultancy Alterrex Pty Ltd. Mr Hoschke is a member of the Australian Society of Exploration Geophysicists and the Australian Institute of Geoscientists with sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hoschke consents to the inclusion in the report of matters based on information in the form and context in which it appears.

The gold and silver Resource figures for White Rock, Red Rock, Strauss, Kylo, Lady Hampden, Silver King and White Rock North have been taken from Resource estimates of February 2012, July 2013 and November 2013 prepared by Ravensgate Minerals Industry Consultants on behalf of White Rock Minerals Ltd and authored by Mr Don Maclean. Mr Maclean is a member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr Maclean consents to the inclusion in this report of the matters based on this information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004 as per ASX releases by White Rock Minerals Ltd on 13 February 2012, 11 July 2013 and 20 November 2013. The Resources figures have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The gold and silver Resource figures for Guy Bell have been taken from the Resource estimate of October 2008 prepared by Mining One Pty Ltd on behalf of Rex Minerals Ltd and authored by Dr Chris Gee who is a professional geologist with more than 10 years' experience in resource estimation. Dr Gee is a Competent Person as defined by the JORC Code. Mr Gee consents to the inclusion in this report of the matters based on this information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004 as per the ASX release by Rex Minerals Ltd on 10 December 2008. The Resources figures have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

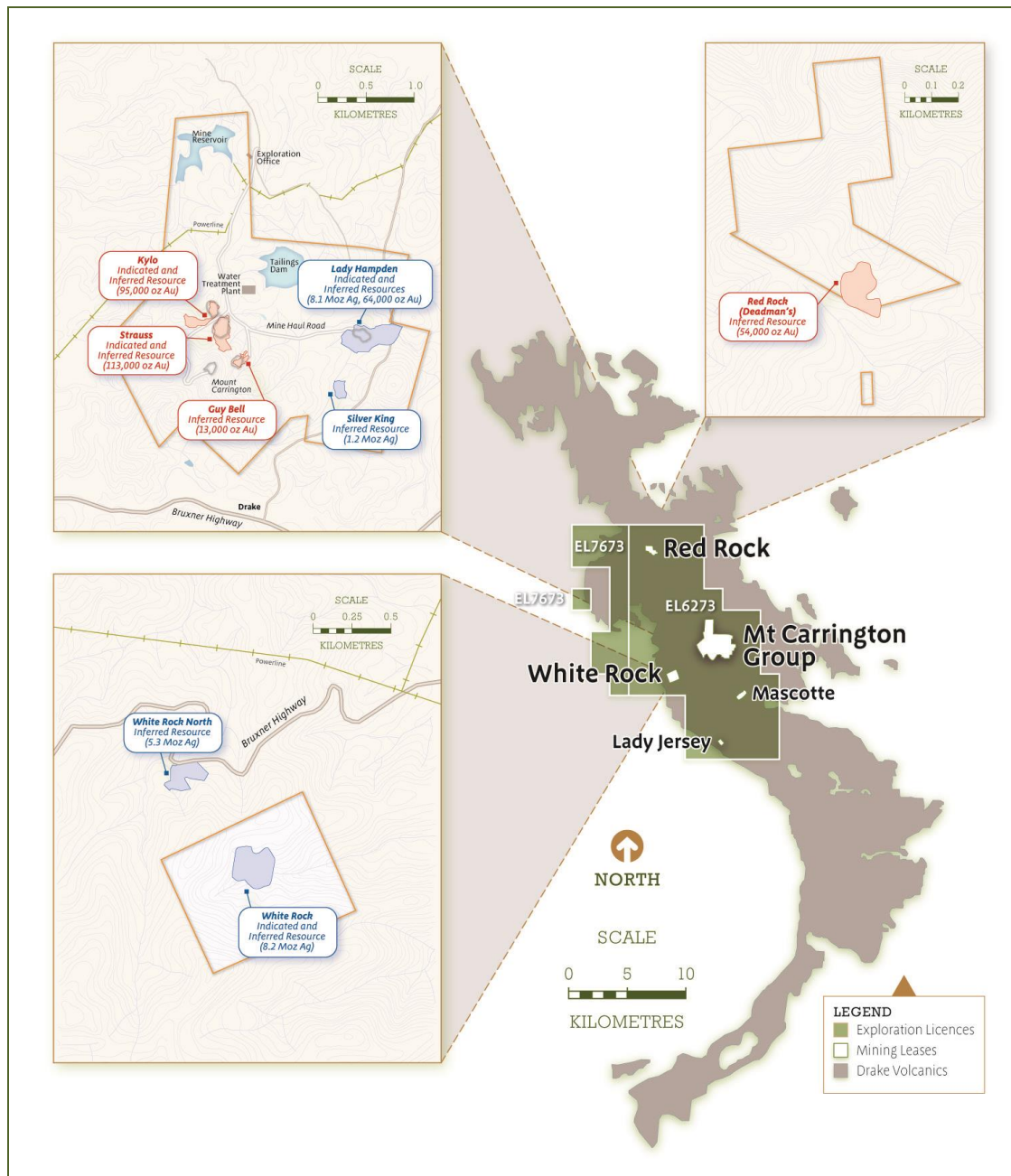


Figure 1: Mt Carrington Project Tenement and Resource Summary