



11 July 2011

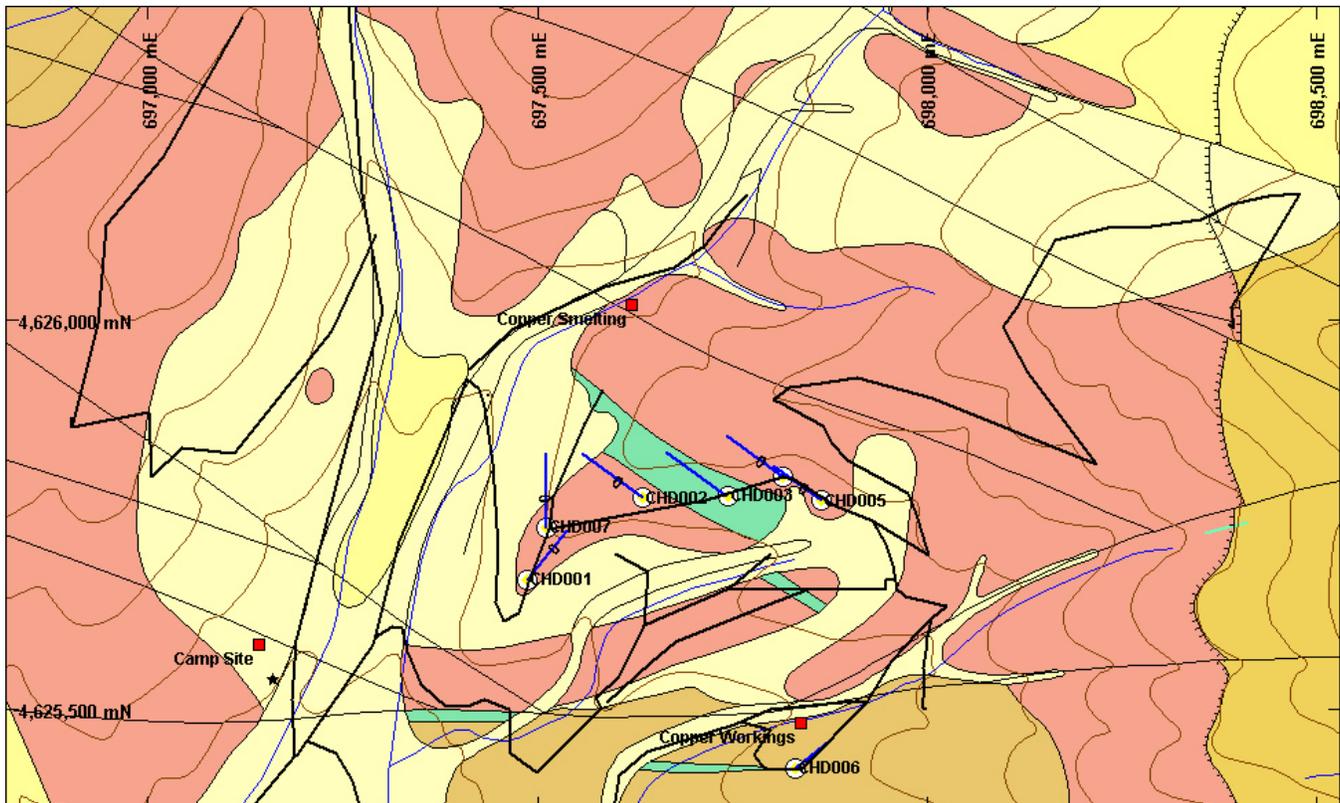
ASX Code: WCN

## Exploration Update Chanach Project, Central Asia

### Highlights

- **Bull Dozer cuts expose extensive Copper mineralisation**
- **Exploration completed includes**
  - 9 km bulldozer tracks
  - 12 drill pads
  - Extensive sampling of bull dozer cuts
  - 530 rock chip samples
- **RC and Diamond Drilling to commence in mid July**

Exploration at the Chanach Project has advanced significantly from April to June 2011 with bull dozer tracks exposing extensive copper mineralisation over much of the planned drilling area. Approximately 9 kilometres of tracks and excavations have been completed including 12 drill pads. 530 rock chip samples have been collected from mineralised and altered zones (Figure 1).

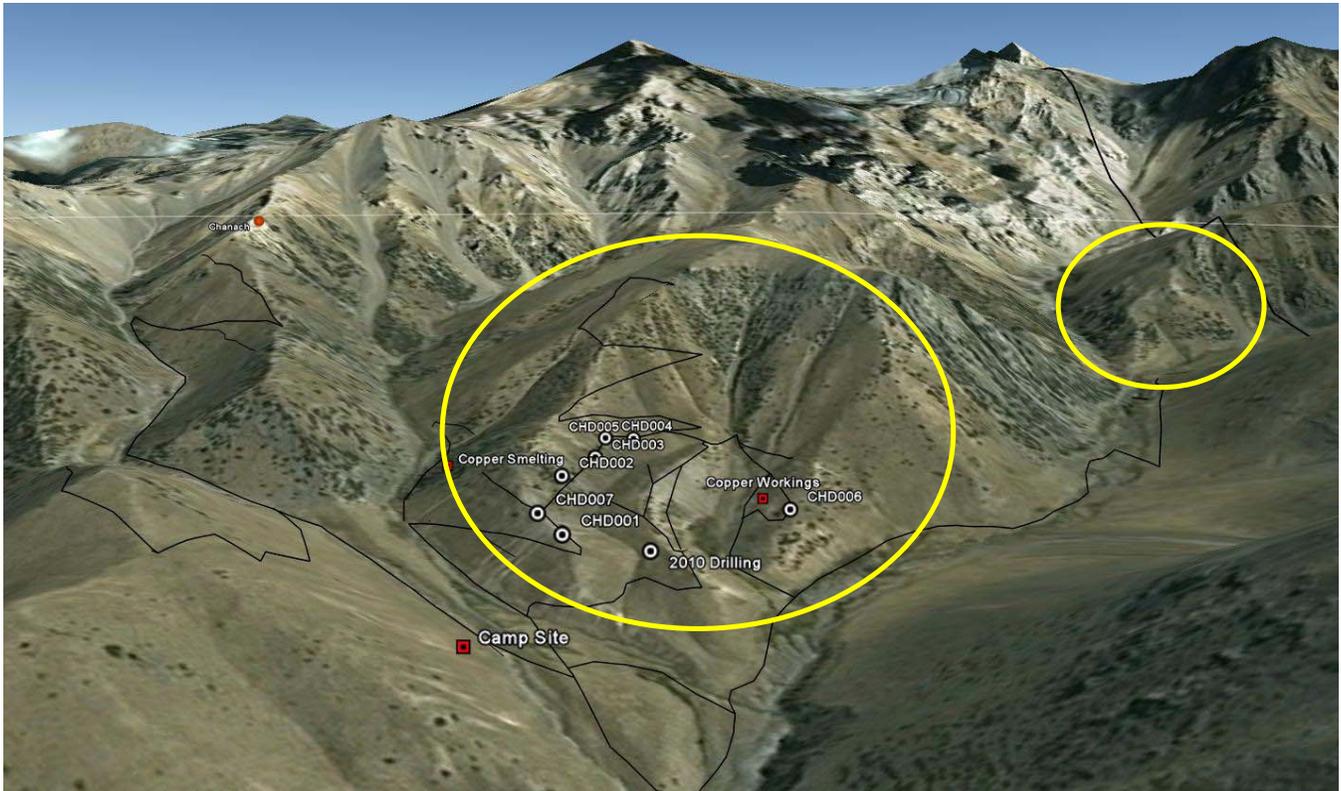


**Figure 1** Completed bull dozer tracks in black overlaid on completed 2010 drilling and geology

## RC and Diamond Drilling to Commence in July

The planned reverse circulation program will commence in mid July a month earlier than initially planned based on the extensive zone of copper mineralisation identified in the new bull dozer cuts. The Joint Venture partners have expanded the drilling program to 4000 metres including approximately 1000 metres of diamond drilling. The drilling will expand the current drilling footprint to cover an area of 600 by 850 metres with an initial exploration target of 100-120Mt at 0.4% to 0.6% Copper 0.2-0.4 g/t gold containing 400,000 to 600,000 tonnes of contained copper and 0.6 to 1.5 MOz of gold<sup>^</sup>

<sup>^</sup> The potential quantity and grade of this exploration target is conceptual in nature and has yet to be fully drill tested. There has been insufficient exploration to define a JORC compliant Mineral Resource and it is uncertain if future exploration will result in the further resources being discovered



**Figure 2** 2011 Exploration area's circled in yellow showing tracks in black and existing drilling. Large circle is Chanach North and small circle is Chanach Central.

The Joint Venture partners expect initial rock chip assays to be available late July and are currently using a portable X-ray fluorescence (**XRF**) to identify the extent of the mineralised zones. While the XRF is not a quantitative tool, it does give an indication of the copper content on rock surfaces. The following rock sample gives non quantitative XRF surface copper values of 0.4% for altered diorite, 6% copper for vein infill material and 14% for manganese stained diorite (Figure 3)

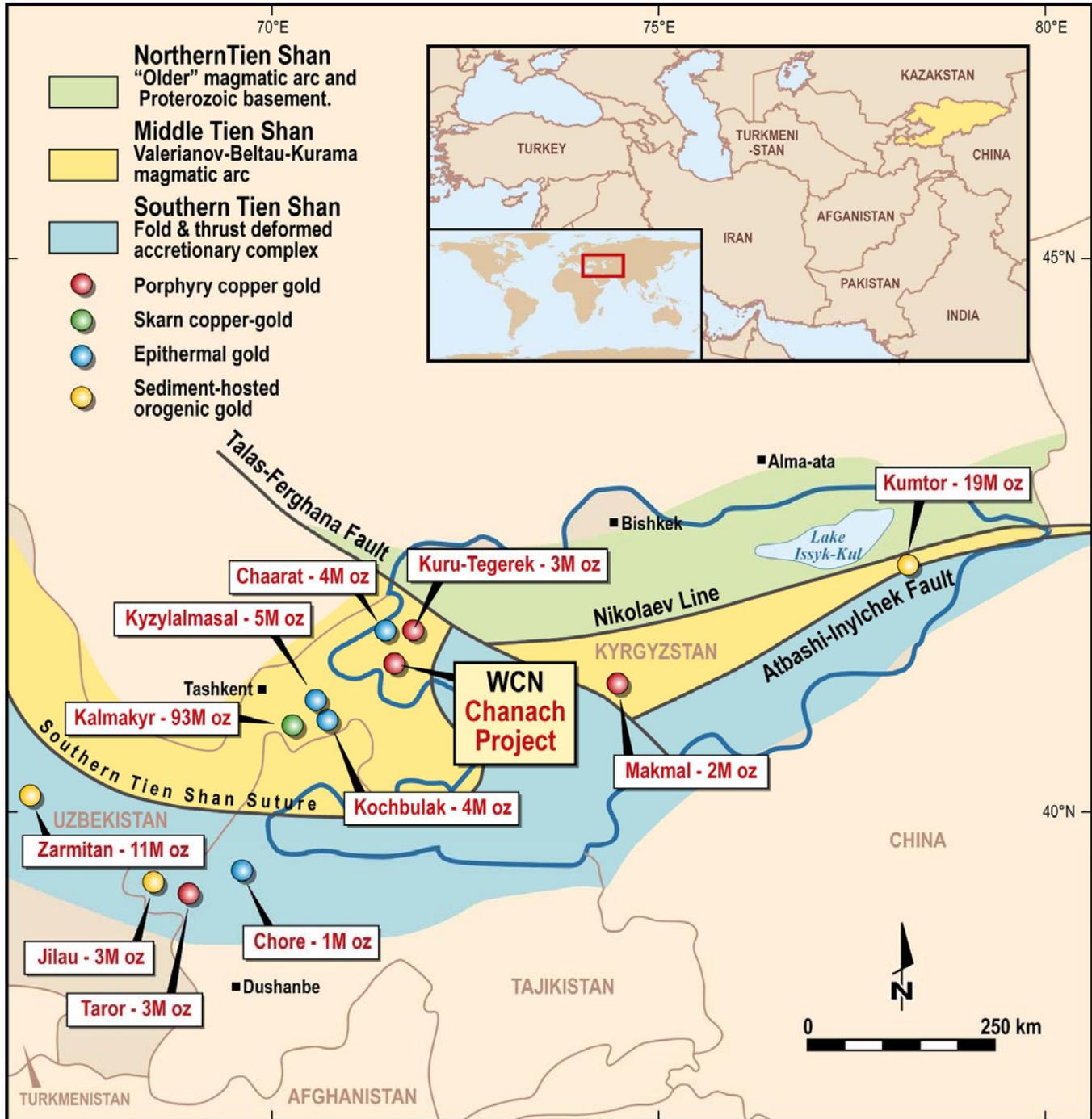
The XRF has been used to identify extensive zones of alteration containing copper mineralisation and is assisting the mapping and sampling programs allowing better drill planning.



**Figure 3** Rock sample (Diorite) with surface XRF non-quantitative copper values for each zone as described above.

### Chanach Project Summary (WCN 45%)

The Chanach gold-copper project is situated in northwest region of the Kyrgyz Republic and covers 93 km<sup>2</sup>. White Cliff Nickel Limited and its joint venture partner, T2 Gold Pty Limited, own 90% of the Chanach gold-copper project on an equal 50:50 basis.



**Figure 4** Chanach project location with regional geology with major gold deposits illustrated.

The project occurs within a package of metamorphosed sedimentary and volcanic rock intruded by large Carboniferous diorite to granodiorite batholiths and younger Permian granitoid dykes and sheet. Mineralisation occurs as porphyry and epithermal systems developed within magmatic arcs, and orogenic type gold deposits that are structurally controlled. Major deposits located within 100km of Chanach contain up to 93 million ounces of gold and 25Mt of copper.

Preliminary rock chip and channel sampling identified narrow (1-5m) oxidised shear zones with gold values up to 40 g/t and wide (20-100m) supergene alteration zones with copper grades up to 7% within mineralised halos of 43 metres at 1.34% copper. Recent reverse circulation drilling has identified copper grades up to 1.25% within wide (50-100 metres) fresh mineralised alteration halos with grades ranging between 0.2% and 1.25% copper.

The Chanach deposit appears to be structurally controlled with copper mineralisation associated with late stage diorite intrusions and large west-northwest striking shear zones that have extensive alteration halos. Higher copper grades are concentrated along the actual shear zones while the broader alteration zones commonly have higher copper grades close to the shear zones and lower grades further away.

### Regional Geology and Mineralisation

The Chanach gold-copper project is located in the western part of the Tien Shan Belt, a highly mineralised zone that extends for over 2500 km, from western Uzbekistan, through Tajikistan, Kyrgyz Republic and southern Kazakhstan to western China.

Regional geology consists of extensive sequences of metamorphosed sedimentary and volcanic rock intruded by large Carboniferous diorite to granodiorite batholiths and younger Permian granitoid dykes and sheets associated with mineralisation. Mineralisation occurs as porphyry and epithermal systems developed within magmatic arcs, and orogenic type gold deposits that are structurally controlled. Major deposits located within 100km of Chanach contain up to 93 million ounces of gold and 25 million tonnes of copper (Figures 4, 5 & Table 1).



**Figure 5** Project location and tenement plan showing local multi million ounce gold and copper-gold deposits

**Table 1** Major local gold and copper deposits

Deposit	Type	Tonnes	Copper %	Gold (g/t)	Contained Copper (Mt)	Contained Gold (Oz)	Owner
Kalmakyr	Porphyry	2500 Mt	0.38	0.50	9.5	40.1 Million	Almalyk Mining-Metallurgical Complex
Dalnee	Porphyry	2800 Mt	0.36	0.35	10.0	31.5 Million	Almalyk Mining-Metallurgical Complex
Sarycheku	Porphyry	200 Mt	0.5	0.1	1.0	643,000	Almalyk Mining-Metallurgical Complex



Deposit	Type	Tonnes	Copper %	Gold (g/t)	Contained Copper (Mt)	Contained Gold (Oz)	Owner
Kuru Tegerek	Porphyry	173 Mt	0.59	0.56	1.02	3.1 Million	Fortune Pegasus International Limited
Charaat	Vein	30 Mt	-	4.1	-	4.0 Million	Charaat Gold Holdings
Terek Sai	Vein	~23 Mt	-	~3	-	2.2 Million	Kyrgyzaltyn JSC
Ishtamberdy	Vein	15.9Mt	-	4.9	-	2.5 Million	IMC Investment

### Local Geology and Mineralisation

Local geology is dominated by Silurian marine sediments that have been thrust faulted over the top of younger Devonian to Carboniferous sediments, basaltic and andesitic volcanic rocks. The sedimentary and volcanic rocks have been intruded by late Permian diorites and granodiorite porphyries to monzonite dikes that are closely associated with mineralised north and west-northwest trending structures.

Recent work indicates that the project may host porphyry and skarn style gold and copper mineralisation. Sampling during 2007-2010 has identified several areas containing gold values of up to 40 g/t and copper values of up to 5%.

Work during 2010 has identified that mineralisation can be divided into broad (20-100m wide) copper rich alteration zones and narrow (1-5 m wide) high grade gold rich shear zones. The copper rich zones tend to be oriented west-northwest (320 degrees) and dip to the south, or are oriented northwest (040) and are sub vertical. The gold rich zones tend to be oriented north south and are steeply dipping.

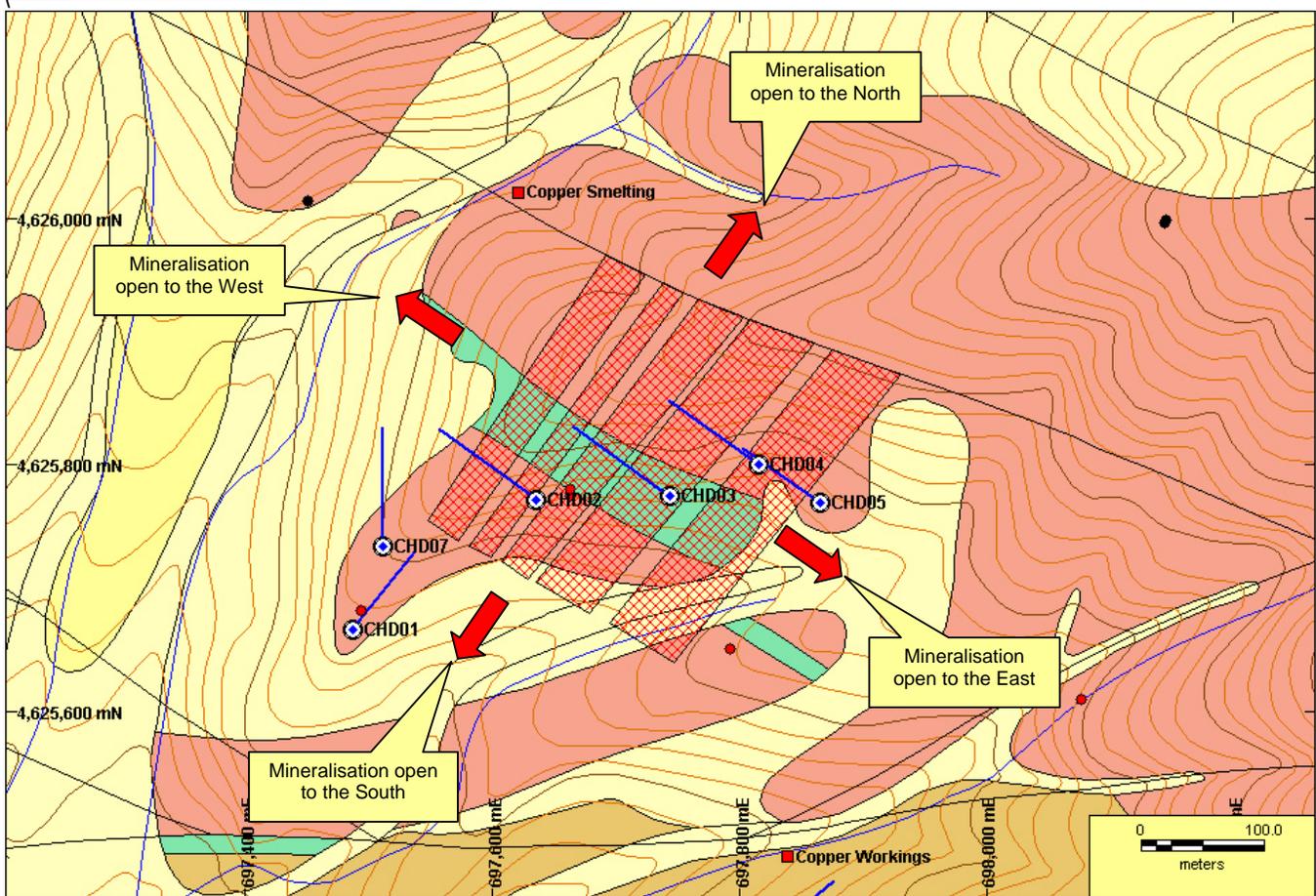
### Copper Mineralisation

The copper mineralisation is associated with late stage diorite intrusions and large west-northwest striking shear zones that have extensive alteration halos. High copper grades (>1%) are concentrated along the actual shear zones while the broader alteration zones commonly have higher copper grades close to the shear zones and lower grades further away. The 2010 sampling program focussed on the north Chanach area where exploration has exposed six major mineralised zones close together within a 450 metre radius. Each zone consists of several sub parallel shear zones 1-5 metres wide surrounded by overlapping alteration zone.

The wide zones of copper mineralisation start at surface and extend at depth. Based on the sampling to date, mineralisation extends over 450 metres along strike and has a combined width of approximately 350 metres. Current exploration has only investigated north Chanach. No work has been carried out on Central or Southwest Chanach.

During the December quarter the initial reverse circulation drilling program assay results were received from the Chanach gold-copper project in the Kyrgyz Republic with several holes intersecting significant widths of copper mineralisation. The preliminary drill program consisted of 7 holes each between 100 and 150 metres for a total of 953 metres. The drill holes were located over the copper rich alteration zones identified from channel sampling and were drilled perpendicular to the interpreted direction of the mineralised zones.

Disseminated sulphide mineralisation consisting of pyrite and chalcopyrite was visually identified in 6 holes over down-hole intervals of up to 60 metres with assay results confirming intervals of mineralisation of up to 100 metres.



**Figure 6** Summary of initial reverse circulation drill hole locations and drilling direction (indicated by blue trace lines). Red hatching indicates interpreted mineralised area's, Pink = porphyry, yellows = alluvial, Tan = sediments.

Mineralisation starts at surface and extends over an area of at least 450 metres by 350 metres, is open in all directions and at depth. The majority of the higher grade results occur within shear zones with lower grades occurring over wide intervals within the mineralised alteration halos. The drilling has provided limited structural information and further drilling will be carried out in 2011 to assist with understanding the controls on mineralisation. Results include:

**Table 2** Summary of RC drilling intersections

Hole	From (m)	To (m)	Interval (m)	Copper %
CHD002	4	18	14	0.56%
including	9	17	8	0.69%
and;	60	83	23	0.42%
including	68	74	6	0.72%
within EOH	58	150	92	0.27%
CHD003	0	20	20	0.44%
including	6	12	6	0.57%
and;	28	36	8	0.45%
and;	53	92	39	0.53%
including	57	77	20	0.61%
within	0	100	100	0.38%

Hole	From (m)	To (m)	Interval (m)	Copper %
CHD04	2	9	7	0.55%
within	80	105	25	0.39%
within	26	108	82	0.34%
CHD05	50	76	26	0.56%
including	51	57	6	0.81%
and;	59	70	11	0.59%
and;	92	97	5	0.66%
within	50	100	50	0.49%
CHD06	9	13	4	1.00%
within	0	14	14	0.77%

The preliminary results indicate that Chanach is a major porphyry copper – gold system with the initial drilling intersecting a copper rich zone. The Chanach copper – gold porphyry system appears to be zoned into copper rich and gold rich area's with rock chip assays showing high grade gold at higher elevations within the project area.



The Company is particularly encouraged by the results as only a small portion of the project area has been tested with immediate success. Integration of the recent and historical assay results indicates that mineralisation extends over several kilometres with early Russian sampling locating copper and gold mineralisation at the central and south-western outcrops of the Chanach copper-gold porphyry. Recent sampling has also identified the contact between the porphyry and the adjacent limestone as a priority target with high copper and gold values associated with the contact skarn. In addition several gossans (silicified limonitic outcrops with relict sulphide textures) have been identified from 2010 field mapping.

### **Gold Mineralisation**

The gold mineralisation is associated with late stage shear zones and faults possibly representing the final stages of activity relating to the intrusion of the Permian Granodiorite and late stage diorite intrusions. Mineralisation appears to be concentrated along narrow (1-5 metre) wide weathered shear zones within the granodiorite and commonly contain quartz vein infill, and limonitic clays.

The faults are north south in orientation and are sub vertical. There is the possibility that the faults are linking structures between the major west-northwest shear zones that have accommodate the stress developed from movement of the major shear zones.

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## About White Cliff Nickel Limited

**White Cliff Nickel Limited** is a Western Australian based exploration company with the following main projects.

**Chanach Copper-Gold Project:** The Company owns 45% of this 93 square kilometre project that is located in the Kyrgyz Republic 350km west-southwest of the capital city of Bishkek. The Chanach project is located in the western part of the Tien Shan Belt, a highly mineralised zone that extending for over 2500 km, from western Uzbekistan, through Tajikistan, Kyrgyz Republic and southern Kazakhstan to western China. Mineralisation occurs as porphyry and epithermal systems developed within magmatic arcs, and orogenic type gold deposits that are structurally controlled. Major deposits located within 100km of Chanach contain up to 93 million ounces of gold and 25 million tonnes of copper. Initial work indicates that the project may host porphyry and skarn style gold and copper mineralisation. Sampling during 2007-2009 has identified several areas containing gold values of up to 40 g/t and copper values of up to 5%.

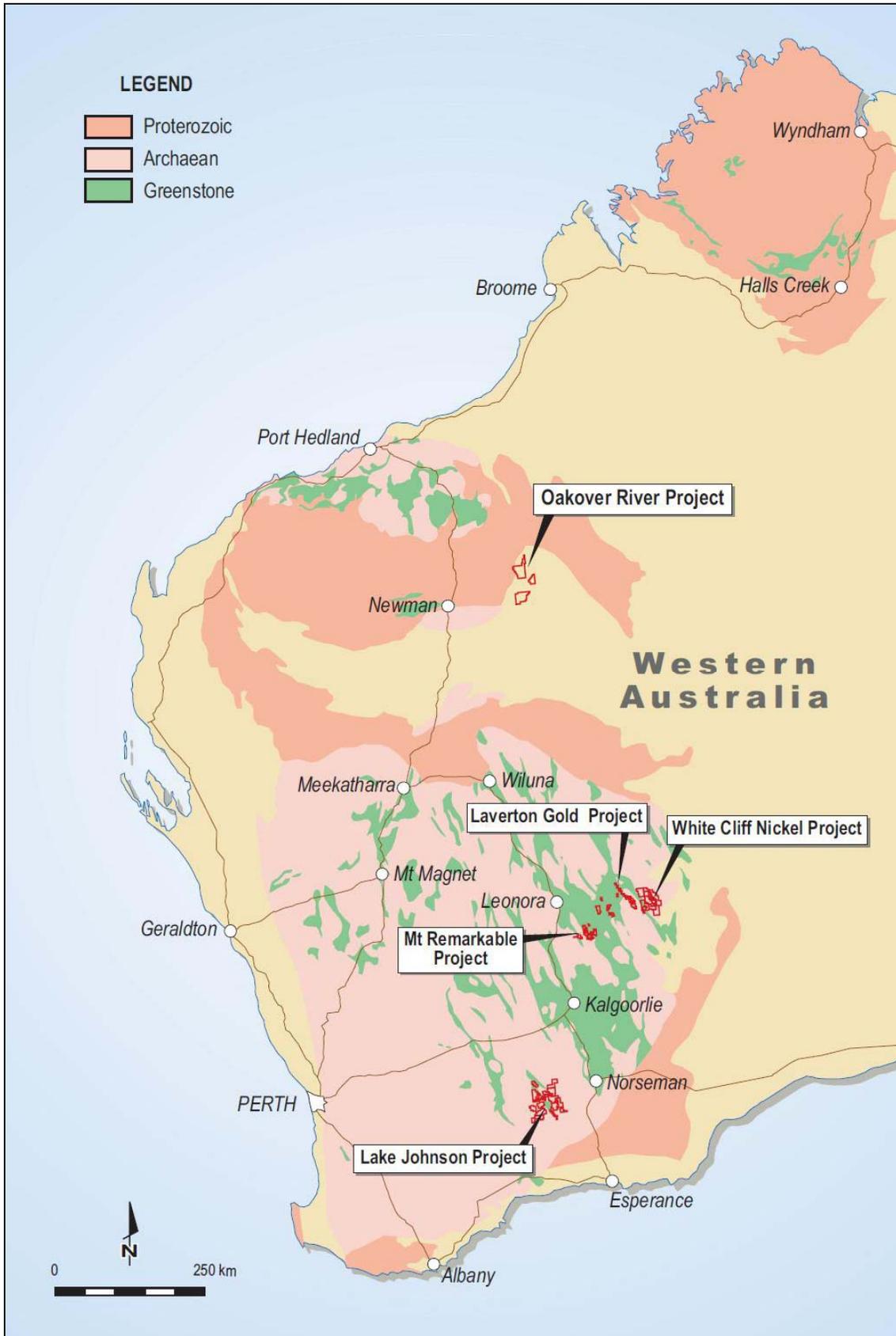
**Laverton Gold Project:** The project consists of 1200 square kilometres of tenement applications in the Laverton and Merolia Greenstone belts. The core prospects are located 20km south of Laverton in the core of the structurally complex Laverton Tectonic zone immediately south of the Granny Smith Gold Mine (3 MOz) and 7 kilometres east of the Wallaby Gold Mine (7MOz). In addition, applications are pending over a large part of the Merolia Greenstone belt immediately Southwest of Laverton.

**Mount Remarkable Project:** The project covers 266 square kilometres and is located approximately 170 km N-NE of Kalgoorlie and about 25 km SE of Kookynie in the Northern Goldfields. Included in the project area are the historic gold mining centres of Mt Remarkable and Yerilla which consists of several old workings. Major gold mines in the surrounding area include Sons of Gwalia, Tarmoola, Carosue Dam, Granny Smith, Wallaby and Sunrise Dam. The project includes several areas adjacent to and along strike from existing nickel deposits at Aublis, Yerilla and Boyce Creek. These deposits form Heron Resources Yerilla Nickel Project which contains 135 Mt @ 0.77% Nickel and 0.05% Cobalt.

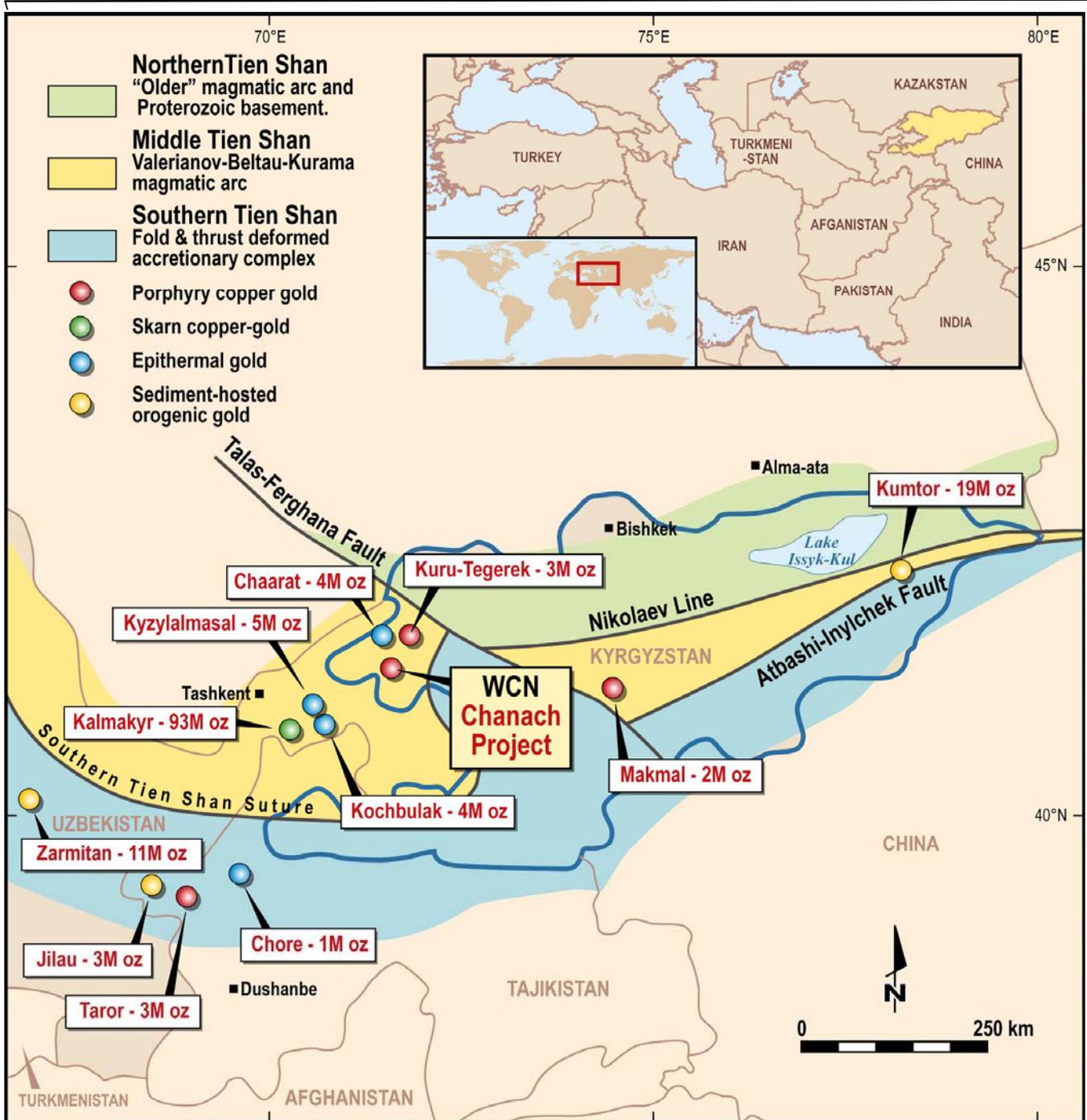
**White Cliff Nickel Project:** The project which covers over 1,200 square kilometres in the Merolia section of the Laverton Greenstone Belt situated 60 kilometres south-east of Laverton WA. The region contains the Irwin-Coglia and Mineral Patch Hill nickel deposits and Fish and Lord Byron Gold deposits. The project has been joint ventured with a Korean consortium, comprising Daewoo Intl and the 100% government owned Korea Resources Corporation. The Korean consortium are earning up to 50% of the project by the expenditure of up to \$5 million over 3 years.

**Lake Johnston Project:** The project covers over 1400 square kilometres in the Lake Johnson Greenstone Belt, which contains the Emily Ann and Maggie Hayes nickel sulphide deposits. These mines have a total resource of approximately 140,000 tonnes of contained nickel. The project area was previously held by Norilsk and has excellent prospectivity for both komatiite associated nickel sulphides and amphibolite facies high-grade gold mineralisation.

The Information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Todd Hibberd, who is a member of the Australian Institute of Mining and Metallurgy. Mr Hibberd is a full time employee of the company. Mr Hibberd has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code)'. Mr Hibberd consents to the inclusion of this information in the form and context in which it appears in this report.



**Tenement Map, Australia** A regional geology and location plan of White Cliff Nickel Limited exploration projects in the Yilgarn Craton, Western Australia



Project Map- Kyrgyz Republic. Location of the Chanach Copper-Gold Project