

# White Rock Minerals Ltd

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## White Rock Minerals strengthens gold story through robust Mt Carrington PFS with silver upside

White Rock Minerals Ltd (ASX:WRM) has enhanced its emerging gold story by delivering a robust updated pre-feasibility study (PFS) for Mt Carrington project in northern New South Wales with upside from the project's silver resource.

An update to the PFS delivered in 2017 has resulted in an increase to the gold resource to 352,000 ounces and ore reserve to 174,000 ounces and the estimate also includes 23.2 million ounces of silver.

The PFS outlines an initial gold first stage pre-tax free cash flow of A\$126 million at a A\$2,300/ounce gold price over its initial five years of operation compared with the 2017 gold first PFS which delivered a pre-tax free cash flow of A\$37.6 million at A\$1,700/ounce gold price.

### "Outstanding economics"

Managing director and CEO Matthew Gill said the update highlighted the opportunity to develop a substantial low-cost Australian gold project with outstanding economics and strong financial returns, with genuine exposure to possible future silver production.

He said it became obvious that White Rock needed to update the 2017 PFS to reflect more recent gold price trends as well as to update the capital and operating cost projections and to re-confirm the enhanced value proposition in advancing this asset through permitting and development.

"We have the best of both worlds - a low entry cost to gold production with exposure to potential silver production at the right time.

"The updated financial and operating metrics will allow the company to complete a strategic review of Mt Carrington and select the best path to enhance shareholder value from this project in light of the very strong gold price environment."

In reference to the company's primary focus on the Red Mountain Gold Project in Alaska, Gill said: "Do not worry - we can multi-task. We are still absolutely focused on our exploration in Alaska at Red Mountain and the Last Chance Target. We will be updating the market on progress there in the next week or so.

### "Robust margins"

Gill said: "The compelling 2020 PFS update outcomes demonstrate the board's view that the Mt Carrington Gold-Silver project is one of the best undeveloped gold projects on the east coast of Australia, with the potential to deliver an average of 35,500 ounces of gold per annum at an 'all-in sustaining cost' (AISC) of A\$1,327/ounce over an initial 5-year production period."

At an assumed base case gold price of A\$2,300/ounce, well below current spot prices, the project is expected to deliver robust margins and generate strong free cashflows averaging A\$32 million per annum during its first five years of

**Price:** 0.425

**Market Cap:** \$30.9 m

### 1 Year Share Price Graph



November 2019 June 2020 November 20

### Share Information

**Code:** WRM

**Listing:** ASX

52 week	High	Low
	80.5	0.2

**Sector:** Mining

**Website** [www.whiterockminerals.com.au](http://www.whiterockminerals.com.au)

### Company Synopsis:

White Rock Minerals (ASX:WRM) owns the Red Mountain project in central Alaska - a high-grade zinc-silver-lead-gold VMS project, and where it has also discovered a significant gold anomaly in the highly prospective Tintina Gold Belt, home to Pogo, Fort Knox and the 45m oz Donlin Project.

[action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)

operation.

He said: "A low forecast pre-production capital investment of just A\$39 million and a 14-month capital payback makes this a financially attractive proposition, with a base case pre-tax NPV 8% of A\$93 million and 82% internal rate of return at the assumed gold price of A\$2,300/ounces.

"Using current spot prices of around A\$2,600/ounce, we have a project with a 100% margin on its costs, and the pre-tax NPV improves to A\$132 million and the IRR to 112%."

Project Economics	Unit	PFS @A\$2,000/oz	PFS Base Case @A\$2,300/oz	PFS @A\$2,600/oz	PFS @A\$3,000/oz
Pre-Tax Free Cash Flow	A\$m	77.9	126.4	174.7	239.3
NPV <sub>8</sub>	A\$m	54.2	93.6	132.9	185.3
IRR	%	52	82	112	153
Payback Period	months	18	14	11	8

Key 2020 PFS project metrics at different Australian gold prices.

### Substantial silver upside

The gold stage one PFS covers only two main deposits (Strauss and Kylo) and the mine plan assumes no contribution from any of the company's four silver resources.

Gill said: "There is substantial upside to our base case PFS numbers with strong potential to grow the current resource base of 352,000 ounces of gold and 23.2 million ounces of silver through successful exploration on our large 183 cubic kilometre land tenement package.

"The definition of an improved 174,000-ounce ore reserve over that stated in 2017 indicates the financial viability of the project, with 88% of the mining plan underpinned by ore reserves."

### Stage two strategy

"Our project development strategy is underpinned by the construction of an onsite 1 million tonnes per annum capacity CIL plant capable of producing gold dore bars and incorporating room for a flotation circuit and potentially producing a silver concentrate for sale in the future," Gill said.

"The silver dominant mineral resource, containing some 8.3 million ounces of indicated resource will be the subject of further mineralogy studies, metallurgical test-work and concentrate sales discussions.

"Mining of these silver resources constitutes stage two of the Mt Carrington project."

With the current strong silver price, studies are planned to determine the optimum silver recovery flowsheet and product specifications, prior to bringing some of the silver resource into reserve, which will then allow the inclusion of this material into the mine plan and further extend the mine life and further boost the financial metrics of the project.

### "Best path forward"

Gill said: "The focus now for this low-cost high margin gold project, with a possible silver stage two to follow, is to review options to fund and advance the project through the environmental approvals stage such that development consent can be achieved and a final investment decision made.

"The robust economics of this gold first PFS demonstrate the benefits of taking this project forward.

"As we mentioned in our June quarterly report, the updated financial and operating metrics will now allow the company to complete a strategic review of Mt Carrington and select the best path to enhance shareholder value from this project in light of the very strong gold price environment and significant interest in sliver."

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Contact us +61 (0)2 9280 0700 [action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)

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