

23 July 2015

White Rock Minerals and Silver Mines sign Heads of Agreement

White Rock Minerals Ltd (ASX:WRM) and Silver Mines Ltd (ASX:SVL) are pleased to announce that they have signed a Heads of Agreement whereby SVL will provide WRM 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.

WRM and SVL will begin discussions and undertake 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.

WRM is the 100% owner of the Mt Carrington Project located in the New England Fold Belt in northern NSW.

SVL is the 100% owner of the Webbs Project also located in the New England Fold Belt in northern NSW, 150km south of Mt Carrington.

SVL has recently exercised an option to acquire the Conrad Silver Project from Malachite Resources Limited (ASX: MAR). The Conrad Project is located 70km west of the Webbs Project. SVL has also recently lodged Exploration Licence Applications (ELAs) covering over 650 square km of ground surrounding the Bowden's silver deposit in central NSW (182Moz Resource base).

Funding

Under the Heads of Agreement, SVL will provide funding to WRM for general working capital purposes as outlined below.

Private Placements – two placements totalling \$200,000 at an issue price of \$0.02 per WRM share.

- a. *Tranche 1* – Placement of \$100,000 to be completed within 10 business days of signing the Heads of Agreement; and
- b. *Tranche 2* – Placement of \$100,000 to be completed on or before 1 September 2015.

The parties have signed a Subscription Agreement covering both the Tranche 1 and Tranche 2 placements at the same time as signing the Heads of Agreement. The placement shares will be issued within White Rock's current placement capacity under the ASX Listing Rules.

Loan Facility – SVL has also agreed to make available to WRM additional funding of up to \$300,000 in the form of an unsecured and interest-free loan. The Loan Facility can be accessed no sooner than 45 days following completion of the Tranche 2 placement. WRM will have the option, but not the obligation, to elect to convert any loan amounts drawn down into WRM shares at any time during the 12 month period commencing from the date of first draw down. The price of conversion will be 80% of the 5 day VWAP of the market price of WRM shares prior to conversion, subject to any applicable regulatory requirements.

SVL has recently announced it proposes to undertake a Rights Issue to raise up to \$2.8m before costs. The funding to be provided to WRM under the Heads of Agreement is not contingent on the outcome of the Rights Issue.

Exclusive Discussions

WRM and SVL have also agreed to enter into exclusive discussions for a period of up to 6 months from the date of the Heads of Agreement, with a view to reaching agreement on a Corporate Transaction, subject to the fiduciary and statutory obligations of the WRM directors. It should be noted that these discussions may not lead to a definitive transaction.

WRM and SVL will continue to keep shareholders updated on progress of discussions consistent with ASX disclosure requirements.

For further information, please contact:

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