

# WCB Resources and GBM Resources merger to create a substantial gold development and exploration group

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## Highlights:

- [GBM Resources Ltd.](#) (GBM) and [WCB Resources Ltd.](#) (WCB) have executed a Binding Heads of Agreement (HOA) to merge resulting in a substantial ASX listed gold development and exploration Company focussed in Australia and Papua New Guinea.
- The merger combines the advanced stage gold assets of Mt Coolon in Australia and the Misima Gold Project in Papua New Guinea in addition to the extensive exploration assets of both companies.
- The merged entity will have an impressive resource base comprising:

## GBM's Resources<sup>1</sup> include

- Measured Resources of 114 Kt @ 1.7 g/t Au for 6,200 ounces
- Indicated Resources of 3,993 Kt @ 1.4 g/t Au for 173,800 ounces
- Inferred Resources of 2,415 Kt @ 1.7 g/t Au for 134,800 ounces

## WCB's Misima Island Resources<sup>2</sup>

- Indicated Resource of 36 Mt @ 1.1 g/t Au for 1.3 million ounces
- Inferred Resource of 11 Mt @ 1.1 g/t Au for 0.4 million ounces
- Importantly significant growth opportunities for discovery of additional resources exist within both the Mt Coolon and Misima Island Projects.
- The immediate focus of the group will be

1. Reopening and development of the Mt Coolon Gold Mine which will enable the group to be funded moving forward.

1. Completion of a gold resource update to include recent surface extensions and controls on mineralisation, pit optimisation sensitivity and financial studies followed by drill testing for resource extension, geotechnical and metallurgical parameters at Misima.

- Under the HOA each WCB shareholder will receive 8 GBM ordinary shares for every WCB common share.
- The HOA is conditional on GBM completing the AUD\$10.0 million Loan Agreement (AUD\$8.5million to be completed) and the parties executing a formal Arrangement Agreement before 31 March 2017.
- The Board of Directors of each company have unanimously given support for the merger and major shareholders have indicated support for the merger in the absence of a superior proposal.
- WCB President and CEO, Mr Cameron Switzer, will join the Board of the merged entity.

## Note

1. GBM Resources (ASX:GBZ) *Mineral Resources* are calculated on information compiled by Kerrin Allwood who is a member of the Australasian Institute of Mining and Metallurgy and The Australian Institute of Geoscientists. Mr Allwood is a full time employee of Geomodeling Limited. Mr Allwood 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 Allwood consents to the inclusion in the report of the matters based in his information in the form and context in which it appears.

2. WCB Resources (TSX VENTURE:WCB) *Indicated and Inferred Mineral Resource estimate has been reviewed and approved by Mr Peter Stoker an Honorary Fellow of the Australasian Institute of Mining and Metallurgy and a Chartered Professional, and full time employee of AMC Consultants Pty Ltd who is a "qualified person" as defined by the National Instrument 43-101. Further details pertaining to the resource estimate are located following the resource table below.*

VANCOUVER, Feb 16, 2017 - [WCB Resources Ltd.](#) (TSX VENTURE:WCB) and [GBM Resources Ltd.](#) (ASX:GBZ) are pleased to jointly announce that they have executed a binding HOA to merge the two companies which is to be structured as an Arrangement Agreement under Canadian law. Each WCB shareholder at the record date will receive 8 ordinary shares of GBM for each common share of WCB they hold in consideration for the transfer of those WCB shares to GBM (Merger).

The Merger will allow the companies to create a new Australasian focussed gold development and exploration group.

Upon completion of the Merger, WCB shareholders will hold 36% and GBM shareholders will hold approximately 64% of the merged entity.

Both companies have major shareholder support and the directors of both companies unanimously support the Merger in the absence of a superior proposal.

The Boards of GBM and WCB consider that the combination of the two companies will provide significant strategic and financial benefits to both sets of shareholders.

Executive Chairman GBM, Peter Thompson said:

*"The complementary nature of the two companies' projects creates a strong platform for both companies' shareholders to benefit from a substantial value uplift from a significant increase in combined gold resources at Misima and Mt Coolon, and the ability to step up exploration within the group's extensive landholding.*

*GBM's board believes that this transaction is in the best interest of GBM and unanimously recommends it to our shareholders, in the absence of a superior proposal.*

*We also look forward to welcoming WCB President and CEO, Mr Cameron Switzer to the Board of the combined entity as an Executive Director, where his strong, long-term understanding of the Misima Gold Mine will prove invaluable."*

Mr Cameron Switzer, WCB President and CEO said:

*"The Board of WCB considers this merger to be an outstanding opportunity for existing shareholders. The attractiveness regarding the focus on near term production and cash flow from Mt Coolon underpins the group moving forward. The significant exploration upside identified at both the Misima and Mt Coolon project has the potential to ensure that the merged company has an exciting future with significant growth optionality moving forward".*

#### **Key benefits of the merger include:**

- The creation of an Australasian focussed gold development company with an attractive and complementary gold portfolio of near term production, development and exploration assets.
- The combined entity will have an impressive gold resource base comprising:
  - GBM's Measured Resource of 6,200 ounces of Au, Indicated Resources of 173,800 ounces of Au and Inferred Resources of 134,800 ounces Au across all projects (see resource summary table); and
  - WCB's Misima Island project containing an Indicated Resource of 1.3 million ounces of Au plus an additional 0.4 million ounces of Inferred gold Resource.
- The new entity will be fully funded to achieve gold production at Mt Coolon in 2017 and support the ongoing exploration strategies of both the Misima and Mt Coolon Gold Projects.
- Both Misima and Mt Coolon have the potential to be mid-tier gold production assets with significant discovery upside.
- Both companies have Pan Pacific Co., Ltd (PPC) as their joint venture partners.
- Both Boards are known to each other and both companies have support from their respective major shareholders.
- A strong board and management team with significant depth of technical and corporate expertise of delivering value through the successful discovery, development and operation of gold projects.

- Strong market re-rating opportunity for the merged entity with project diversification and increased scale.

## Merger Details

The Merger is subject to both Australian and Canadian regulatory approvals. In Canada the Arrangement Agreement is a statutory process under Division 5 of Part 9 of the Business Corporations Act (British Columbia) which will involve WCB shareholder and Canadian court approval. In Australia shareholder approval will be required for the Merger transaction.

The HOA includes a commitment by WCB not to solicit alternative transactions to the Merger. Each of the directors of WCB have agreed to vote in favour of the Merger, in the absence of a superior proposal. Major shareholder of WCB, [Sandfire Resources NL](#) (holds 38%) has also indicated their support of the Merger in the absence of a superior proposal.

On satisfying the condition precedents under the HOA and the formal Arrangement Agreement being executed, a full copy of the Arrangement Agreement will be filed in accordance with applicable securities laws and will be found on the WCB profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Following completion of the Merger, Mr Cameron Switzer (the current WCB President and CEO) will join the merged entity as Executive Director - Misima Gold Project. Cameron Switzer was previously one of the founding directors of GBM. The non-executive directors of WCB will retire on completion of the Merger.

## The Process Ahead

Once GBM has secured the required debt funding of AUD\$8.5million, then WCB and GBM will execute the Arrangement Agreement.

In addition to other customary conditions and regulatory approvals, the Arrangement Agreement is conditional upon GBM obtaining all necessary shareholder and regulatory approvals.

The Merger is subject to the approval of both GBM and WCB shareholders. Pursuant to the *Business Corporations Act* (British Columbia), the Merger will require the approval of 66 2/35 of the votes cast by WCB shareholders. A special shareholder meeting for each company to vote on the Merger is likely to be held in May 2017 with the completion of the Merger expected in June 2017, at which time WCB would be delisted from the TSX-V.

Further information regarding the Merger for holders of GBM ordinary shares will be contained in a notice of meeting that GBM will prepare and mail to its shareholders in connection with the meeting of GBM shareholders to be held to consider matters in connection with the Merger.

In due course, WCB's shareholders will receive a comprehensive Information Circular that will contain full details of the proposed Merger, including the basis for the WCB board's recommendation that WCB shareholders approve the proposed Merger.

Upon signing the HOA GBM will advance AUD\$150,000 to WCB. If the conditions precedent to the HOA are not satisfied before 31 March 2017 then the HOA will terminate and shall be deemed to be at an end. If the HOA is terminated then the Parties have agreed that the AUD\$150,000 will be converted into fully paid common shares of WCB at a conversion price of CAD0.05, subject to approval of the TSX-V.

## Assets Snapshot

### WCB

The Company was incorporated under the Business Corporations Act (British Columbia) on March 2, 2007 and was listed on the TSX-V and called to trade on October 10, 2007. The Company completed its Qualifying Transaction under the policies of the TSX Venture Exchange on April 8, 2010. As a result, the Company is a Tier 2 mining issuer on the TSX-V.

### Misima Island - PNG

Misima is a large bulk mineable disseminated gold (Au) and silver (Ag) deposit spatially related to a

potentially significant porphyry copper (Cu) gold (Au) system at depth.

Placer Pacific (owned by Placer Dome) commissioned the Misima Gold Mine in 1988 and was operated by Misima Mines Pty Ltd (MMPL), a subsidiary of Placer to 2004. The mine produced 3.7 Moz Au and 22.2 Moz Ag during this 14 year period. Historic production prior to this period was estimated at 240,000 ounces.

WCB signed a farm-in JV Agreement with Pan Pacific to test for Cu and explore Au on Misima in 2011. PPC is a global mining, smelting, refining and international copper producer. Under the terms and conditions of the Agreement, WCB can obtain up to a 70% interest in EL1747 Misima and currently has earned 49%.

Systematic exploration completed by WCB resulted in the completion of a series of deep drill holes up to 800m in depth targeting the porphyry Cu Au mineralisation whilst also understanding the upside and potential of the superimposed Au Ag base metal mineralisation.

An initial inferred resource was completed in 2013 and further upgraded to inferred / indicated in 2015 over the Umuna region where the majority of the historic mining activity has been completed. All resources are quoted within optimised pit shells.

Key Strategy is to move to a 70% interest in the Misima Project by 2018 and complete mining feasibility studies by end calendar year 2019.

### Resource Table - Misima

| Deposit      | OXIDE     | RECLASS   | Cutoff g/t Au | Tonnes Mt | Gold g/t Au | Silver g/t Au | Au Moz | Ag Moz |
|--------------|-----------|-----------|---------------|-----------|-------------|---------------|--------|--------|
| Umuna        | Oxide     | Indicated | 0.37          | 4.2       | 0.71        | 11            | 0.10   | 1.6    |
|              |           | Inferred  | 0.37          | 2.5       | 0.94        | 21            | 0.07   | 1.6    |
|              | Primary   | Indicated | 0.45          | 32        | 1.1         | 4.3           | 1.2    | 4.4    |
|              |           | Inferred  | 0.45          | 4.9       | 1.2         | 8             | 0.19   | 1.3    |
|              | Sub-Total | Indicated |               | 36        | 1.1         | 5.1           | 1.3    | 6.0    |
|              |           | Inferred  |               | 7.4       | 1.1         | 12            | 0.27   | 2.9    |
| Ewatinona    | Oxide     | Inferred  | 0.37          | 0.54      | 0.78        | 3.6           | 0.013  | 0.063  |
|              | Primary   | Inferred  | 0.45          | 3.1       | 1.0         | 2.9           | 0.10   | 0.29   |
|              | Sub-total | Inferred  |               | 3.7       | 0.97        | 3.0           | 0.11   | 0.35   |
| Misima Total |           | Indicated |               | 36        | 1.1         | 5.1           | 1.3    | 6.0    |
|              |           | Inferred  |               | 11        | 1.1         | 9.2           | 0.38   | 3.3    |

### Notes

1. Rounding may cause apparent computational errors
2. Reported at USD1200/oz gold price USD20/oz silver price within an optimised pit run at USD1400/oz gold price USD20/oz silver price and costs provided by WCB.
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

*The disclosure of the Indicated and Inferred Mineral Resource estimate has been reviewed and approved by Mr Peter Stoker an Honorary Fellow of the Australasian Institute of Mining and Metallurgy and a Chartered Professional, and full time employee of AMC Consultants Pty Ltd who is a "qualified person" as defined by the National Instrument 43-101.*

### GBM

#### Portfolio Summary and Location

[GBM Resources Ltd.](#) (ASX:GBZ) is an Australian resource company that listed on the ASX in 2007, headquartered in Perth WA, with exploration operations in Victoria and Queensland and holds equity in a Malaysia gold company listed on the Singapore exchange.

The Company's primary focus is the development of key gold and copper-gold assets in Australia. GBM is on track to become a gold producer in 2017 with the Company's flagship Mount Coolon Gold Project.

GBM tenements cover an area greater than 2,600 square kilometres in eight major project areas in

Queensland and Victoria.

### **Mount Coolon Gold Project**

The Mount Coolon Gold Project is located within Queensland's Drummond Basin, a prolific Gold Province which has an identified gold endowment in excess of 7.5million ounces. Deposits already identified and exploited in this province include examples of high grade vein style and large tonnage stockwork epithermal gold systems. GBM's tenement package has three identified deposits with published gold resources. In addition, the project hosts a number of advanced exploration targets including; Bimurra, Conway, Verbena Sinter and South East silica Zone, each of which will be further investigated with a high probability of significantly adding to the already growing resource base.

A summary of key points relating to the known deposits is provided below. For further detail the reader is referred to the GBM Annual Report 2016 and company announcements.

### **Mount Coolon Resource Table**

To view the Mount Coolon Resource Table, please visit the following link:  
<http://media3.marketwire.com/docs/Mount-Coolon-Resource-Table.jpg>.

*Table: Mount Coolon Gold Project Resource Summary (Refer ASX:GBZ announcement 23 August 2016).*

*Mineral Resources are calculated on information compiled by Kerrin Allwood who is a member of the Australasian Institute of Mining and Metallurgy and The Australian Institute of Geoscientists. Mr Allwood is a full time employee of Geomodeling Limited. Mr Allwood 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 Allwood consents to the inclusion in the report of the matters based in his information in the form and context in which it appears.*

Eugenia Gold Deposit (refer (ASX:GBZ) announcement 23 August 2016)

- Publication of Eugenia Heap Leach Scoping Study showing potential economic viability.
- Recovered gold ounces total 32,588 at a C1 cost of \$813 per ounce, capital estimated at \$8.3 million.
- Free cash flow generated will be allocated to accelerate expanding the open pit resources within known mineralising systems with the aim to build the Mt Coolon Gold Project inventory to a level that will support the commissioning of a CIL plant.

### **Koala Gold Mine**

- During 2016 the Koala Gold resource increased by 135% to 1.5Mt averaging 2.6 g/t Au containing an estimated 125,300 ounces.
- The Koala Gold Deposit now has an identified gold endowment (past production and current resources) containing an estimated 378,000 ounces with significant exploration upside.
- Currently completing mining studies (including pit optimisation) and the commencement of the review and assessment of environmental factors for EA approval. Drilling is in progress to upgrade the geological and geotechnical information of the Koala Gold underground workings and open cut.

### **Glen Eva Gold Mine**

- The Deposit currently hosts a Resource estimated at 154,000 tonnes averaging 7.5 g/t Au containing 37,200 ounces of gold. This high-grade Deposit remains open at depth, and exploration along strike does not appear to have penetrated the shallow cover that obscures the extensions to the mineralisation.
- Currently completing drilling for metallurgy, geotechnical and waste characterisation testing.

The Project assessments of these deposits are well advanced and it is planned that Koala, Glen Eva and the Eugenia heap leach will commence gold production in sequence by the end of 2017. The Company is targeting end March 2017 to commence feasibility studies on these deposits.

## Other key value drivers

### Anchor Resources Limited - Lubuk Mandi Gold Project (Malaysia)

GBM has an investment in value Singapore Stock Exchange Listed Anchor Resources Limited (Anchor). Anchor's principal asset is the Lubuk Mandi Gold Project located in Malaysia. GBM's equity holding is 35 million shares in Anchor which represents 12.5% of that company's issued capital.

Exploration assets including the Mount Morgan Copper Gold Project (Queensland, Australia): Consists of 11 granted leases with targets identified associated with significant geochemical anomalism.

Brightlands and Milo Iron -Oxide Copper -Gold (IOCG) and REE Project (Queensland, Australia): Consists of an IOCG breccia pipe system in the Mt Isa Inlier with an inferred resource containing 97,000 tonnes of copper, 14 million pounds of U3O8 and 108,000 tonnes of TREEYO (ASX:GBZ 29<sup>th</sup> February 2012) with significant exploration upside.

Malmsbury Gold Project (Victoria, Australia): Large intrusive related Gold System (IRGS) with 104,000 ounces of gold in historic inferred resources with significant exploration upside (ASX:GBZ 19<sup>th</sup> January 2009).

## Qualified Persons

Mr. Cameron Switzer, BSc (Hons), MAIG (3384), MAUSIMM (112798), President and Chief Executive Officer of WCB Resources, is a qualified person as defined by National Instrument 43-101. He is responsible for quality control of exploration undertaken by WCB. Mr. Switzer has reviewed and approved the technical information in this release.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*Forward Looking Statements: This news release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, including, without limitation, statements potential mineralization, the estimation of mineral resources, the realization of mineral resource estimates, interpretation of prior exploration and potential exploration results, the timing and success of exploration activities generally, the timing and results of future resource estimates, permitting time lines, metal prices and currency exchange rates, availability of capital, government regulation of exploration operations, environmental risks, reclamation, title, and future plans and objectives of the company are forward-looking statements that involve various risks and uncertainties. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Forward-looking statements are based on a number of material factors and assumptions. Factors that could cause actual results to differ materially from those in forward-looking statements include failure to obtain necessary approvals in respect of a transaction, unsuccessful exploration results, changes in project parameters as plans continue to be refined, results of future resource estimates, future metal prices, availability of capital and financing on acceptable terms, general economic, market or business conditions, risks associated with operating in foreign jurisdictions, uninsured risks, regulatory changes, defects in title, availability of personnel, materials and equipment on a timely basis, accidents or equipment breakdowns, delays in receiving government approvals, unanticipated environmental impacts on operations and costs to remedy same, and other exploration or other risks detailed herein and from time to time in the filings made by the company with securities regulators. Mineral exploration and development of mines is an inherently risky business. Accordingly the actual events may differ materially from those projected in the forward-looking statements. For more information on the Company, investors should review their annual filings that are available at [www.sedar.com](http://www.sedar.com). Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*The Company relies on litigation protection for "forward looking" statements. Actual results could differ materially from those described in the news release as a result of numerous factors, some of which are outside the control of the Company.*

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