

# WCB Resources and Kingston Resources to merge

01.09.2017 | [Marketwired](#)

## Highlights:

- [Kingston Resources Limited](#) (KSN) and [WCB Resources Ltd.](#) (WCB) have executed a binding Heads of Agreement (HOA) to merge resulting in a substantial ASX listed gold and lithium development and exploration Company focused in Australia and Papua New Guinea.

- The merger combines the advanced stage gold assets of the Misima Gold Project in Papua New Guinea in addition to the extensive strategic lithium and gold exploration assets in Australia.

- The merged entity will have a resource base comprising:

- KSN's Resources1, 2 include a historical Inferred Resources of 989 Kt @ 1.6 g/t Au for 49,000 ounces. KSN and WCB are not treating the historical resource estimate above as a current resource estimate. A qualified person has not done sufficient work to classify the historical estimate as a current mineral resource estimate. Additional work is required to confirm the estimate to a current resource.

WCB's Misima Island Resources3

-- Indicated Resource of 39.6 Mt @ 1.0 g/t Au for 1.3 million ounces

-- Inferred Resource of 33.1 Mt @ 1.0 g/t Au for 1.0 million ounces

- Importantly, significant growth opportunities for discovery of additional gold resources exist within both the Misima Island and Livingstone Projects.

- The immediate focus of the group will be advancing the Misima Gold Project with extensional exploration drilling and commencing a scoping study in 2018, lithium exploration in the Northern Territory and drilling the Livingstone Gold Project in Western Australia.

- Under the HOA, KSN will acquire all of the issued and outstanding securities of WCB through the issuance of KSN shares, such that each WCB shareholder will receive 4.5 KSN ordinary shares for every WCB common share.

- 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.

## Note

- *Kingston Resources (ASX:KSN) Information in this press release relating to historical resource estimates and exploration results for KSN are based on information compiled by Mr Andrew Paterson who is a member of the Australian Institute of Geoscientists and a "qualified person" as defined in National Instrument 43-101. Mr Paterson is a full time employee of KSN and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code).*

- *The resource estimate disclosed above for the Livingstone project is a historical resource estimate prepared under JORC2004 by a prior owner and neither KSN nor WCB has yet completed sufficient work to confirm a mineral resource prepared in accordance with Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definition standards for mineral resources and mineral resources and National Instrument 43-101. Therefore this estimate cannot and should not be relied upon. The historical, non-43-101 compliance resource estimate was reported under JORC2004 and there have been no subsequent resource estimations prepared by KSN under JORC Code or CIM. KSN has not filed technical reports prepared in accordance with National Instrument 43-101 to support the disclosure of mineral resource estimates. Investors are cautioned that the historical estimates do not mean or imply that economic deposits exist on KSN's properties. KSN has not undertaken any independent investigation of the historical estimates or other information contained in this press release nor has it independently analyzed the results of the previous exploration work in order to verify the accuracy of the information. KSN believes that the historical estimates*

*and other information contained in this press release are relevant to continuing exploration on the Livingstone property.*

*- WCB Resources (TSX.V:WCB) The technical and scientific disclosure of the Indicated and Inferred Mineral Resource estimate for the Misima Gold Project, has been reviewed and approved by Mr Scott Andrew McManus, a Member of the Australasian Institute of Geoscientists and a Registered Professional Geologist (Information Geoscience And Mining), and a full time employee of Skandus Pty Ltd who is a "qualified person" as defined by the National Instrument 43-101. Mr McManus is independent of WCB and has reviewed and approved the contents of this news release with respect to the Mineral Resource estimate.*

VANCOUVER, Sept. 01, 2017 - [WCB Resources](#) (TSX-V:WCB) and [Kingston Resources Ltd](#) (ASX:KSN) and are pleased to announce that they have executed a binding HOA dated August 29, 2017 to merge the two companies which is to be structured as a plan of arrangement under Canadian law or such other structure to be determined in a manner that is mutually agreeable to the parties. Each WCB shareholder at the record date will receive 4.5 ordinary shares of KSN for each common share of WCB they hold in consideration for the transfer of those WCB shares to KSN (Merger).

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

Upon completion of the Merger, WCB shareholders will hold 31% and KSN shareholders will hold approximately 69% 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. Each of WCB's directors, officers and certain significant shareholders have executed support agreements to vote their shares in favour of the Merger, with the total number of WCB shares which are subject to support agreements representing approximately 66% of the outstanding WCB shares.

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

Managing Director KSN, Andrew Corbett said:

"The merger of Kingston Resources and WCB Resources creates a strong platform for shareholders to benefit from a substantial value uplift driven by an acceleration in exploration activity at Misima Gold Project, the emerging Livingstone Gold Project and exploration within the Group's extensive lithium landholding. We also look forward to the ongoing involvement of WCB President and CEO, Mr Cameron Switzer as Technical Advisor for the Misima Gold Project, where his in-depth, long-term understanding of the Misima Gold Project and strong local and national relationships 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 as it secures further investment in the Misima Island Project moving forward. The significant exploration upside identified at both the Misima project and the Kingston portfolio 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:**

1. The creation of an Australasian company focused on gold development and lithium exploration with an attractive asset base including the advanced Misima Gold Project, the Livingstone Gold Project, and Northern Territory Lithium projects.

- WCB's (49%) Misima Gold Project in PNG contains a NI 43-101 indicated gold resource of 1.3Moz, and an inferred gold resource of 1.0Moz's with previous long term historical production of over 4.0 Moz of gold. WCB and KSN are excited to more actively pursue the gold potential at Misima. Historic drill holes outside the current resource completed by Misima Mines Pty Ltd include:

- - 120m @ 1.57 g/t Au from surface (Hole GRC1234)
- - 48m @ 4.09 g/t Au from 38m (Hole GDD002)

- KSN's (75% option) Livingstone Gold Project in Western Australia is an emerging gold project with a small historical inferred gold resource of 49,000oz and a large (5km x 5km) prospective geochemical target. The Livingstone Gold Project contains numerous historical high grade underground workings while recent KSN drilling highlights include (refer ASX:KSN announcement April 12, 2017)

- - 7m @ 12.59g/t Au from 35m in hole KLRC005
- - 18m @ 3.03g/t Au from 45m in hole KLRC014

- - 12m @ 2.46g/t Au from 87m in hole KLRC007

- KSN'S (100%) attractive portfolio of lithium exploration tenements covering four key project areas. In the Northern Territory, the Bynoe project area is home to some exciting new discoveries and the Arunta project lies within a significant pegmatite field. Highlights from the maiden drill program at Bynoe include (refer ASX:KSN July 19, 2017 announcement)

- - 12m @ 1.43% Li<sub>2</sub>O from 121m, including 9m @ 1.69%

- - At Bynoe, KSN has a number of drill targets that remain untested, while recent geochemical and geophysical work has delivered additional targets to be followed up on.

- - Within the Arunta, KSN has identified the Tank Hill and Delmore drill targets, where outcropping pegmatites host high grade amblygonite rock chips and extensive soil anomalies.

2. Post-merger, Kingston will be well funded to complete the Misima earn-in to 70% and commence development studies, advance the Livingstone Gold Project, and further its lithium exploration in the Northern Territory. As reported on 30th June 2017 Kingston held a cash balance of \$3.9m.

3. The KSN board and management team provide significant technical and corporate experience, with a history of delivering value through the successful discovery, development and operation of projects.

4. A potential strong market re-rating opportunity for the expanded entity with project diversification, acceleration of exploration activity, and increased scale.

### **Merger Details**

The Merger is subject to both Australian and Canadian regulatory approvals. In Canada, the plan of arrangement 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.

The ASX has provided in principle advice that KSN shareholder approval is not required for the Merger and a waiver from Chapter 7.1 is to be granted for the issue of KSN shares under the Plan of Arrangement.

The HOA includes a commitment by WCB not to solicit alternative transactions to the Merger. The current Board hold a combined interest of 17% in WCB, each has agreed to vote in favour of the Merger in the absence of a superior proposal. Sandfire Resources NL (ASX:SFR), a major shareholder of WCB holding 38% of the Company, plus two other large shareholders holding a combined total of 11% of the Company, have also provided written confirmation of their support for the Merger in the absence of a superior proposal.

The only condition precedent under the HOA is the preparation and execution of a formal Arrangement Agreement. 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). If the HOA condition precedent noted above is not satisfied or waived before 30 September 2017, the HOA will terminate and shall be deemed to be at an end.

Following completion of the merger, Mr Cameron Switzer will retire from the WCB board as an Executive Director, however, he will remain as a consultant to the merged Group. The non-executive directors of WCB will retire on completion of the Merger.

### **The Process Ahead**

In addition to other customary conditions, the completion of the Merger is conditional upon WCB obtaining all necessary shareholder and regulatory approvals.

Pursuant to the Business Corporations Act (British Columbia), the Merger will require the approval of 66 2/3rds of the votes cast by WCB shareholders. A special shareholder meeting for WCB shareholders to vote on the Merger is likely to be held in late October 2017 with the completion of the Merger expected in November 2017. Following this, it is ultimately expected that WCB will be delisted from the TSX-V.

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, KSN has agreed to lend WCB funds for the merger costs on an as agreed basis. If either the HOA or Arrangement Agreement is terminated the Parties have agreed certain termination fees, plus the treatment of the loan, depending on the nature of the termination.

## 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 intermediate sulphidation 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 sale and farm-in agreement with Pan Pacific to test for Cu and explore Au on Misima in 2011. Pan Pacific 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 by expending AUD9.0 million over three stages. WCB has earned 49% to date and has a further ~AUD2.0 million to expend to reach 70%.

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.

Recent mapping and channel sampling has identified further additional variably mineralised structure which have the potential to add further material to the Mineral Resource as announced August 10, 2017.

### Resource Table – Misima

The Misima Mineral Resource<sup>3</sup> comprises:

Deposit	Material	Classification	Cutoff g/t Au	Tonnes Mt	Gold g/t Au	Silver g/t Ag	Au Moz	Ag Moz
Umuna	Oxide	Indicated		0.37	5.0		0.7	10.8
Inferred		0.37	7.5	0.8	12.9	0.2		3.1
Primary	Indicated		0.45	34.6	1.1		4.3	1.2
Inferred		0.45	17.6	1.1	6.1	0.6		3.5
Subtotal	Indicated		39.6	1.0	5.1		1.3	6.5
Inferred		25.1	1.0	8.1	0.8	6.5		
Ewatinona	Oxide	Inferred		0.37	1.6	0.7		3.1
Primary	Inferred		0.45	6.4	1.0		3.0	0.2
Subtotal	Inferred		8.0	0.9	3.0		0.24	0.8
Misima Total	Indicated		39.6	1.0	5.1	1.3		6.5
Inferred		33.1	1.0	6.9	1.0	7.3		

### Notes

1. Rounding may cause apparent computational errors.
2. Reported at USD1,200/oz. gold price USD16/oz. silver price within an optimised pit run at USD1,400/oz. gold price USD16/oz. silver price and costs provided by WCB and Mining One.
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

The Misima resource for the Umana Zone and Ewatinona prospects is derived from a technical report prepared by Skandus Resource Consultants which will be filed by WCB on SEDAR (see WCB press release dated August 10, 2017). The updated mineral resource as outlined above is supported by recent detailed

surface mapping and channel sampling incorporating additional structural measurements and interpreted geological controls. Geological and grade domains were constrained using the geological drill data. Channel sample data including gold distribution, geology, structural orientation in combination with drill data confirmed the presence of ancillary fault splays. The mineral resource reported is incorporated within a conceptual open pit at each deposit with results being reported at a USD\$1,200 per oz gold price.

Mineral Resource classification was based on the confidence in the drilling and survey data quality, resulting from the retrieval of further data from the previous mining records and recent site surveys demonstrated in WCB's 2013 and 2015 technical reports. This recovered data has allowed the verification of the input data for the Mineral Resource estimate. Given the increased confidence in the data, classification is then based on combinations of drillhole spacing, search ellipse pass parameters, the number of drill holes influencing the block estimate and a minimum number of samples used to estimate the block grades as well as variance generated during the estimation. The increase in Inferred resources is due to extending previous domains as well as incorporating a new skarn mineralisation domain where geological continuity of the WCB geological model has been demonstrated and strengthened from surface structural and geochemical information.

## **KINGSTON**

### **Lithium Exploration Assets**

**Bynoe / Wingate Projects:** These projects cover 497 km<sup>2</sup> of the extensive Bynoe and Wingate tin-tantalum-lithium pegmatite fields where Core Exploration and Lontown Resources have had encouraging early exploration success. Through FY17, Kingston completed initial mapping and sampling programs, and a joint geophysics program with regional neighbours, Core Exploration and Lontown Resources. This was followed up with a drill program completed in June 2016 which delivered a best intersection of 12m at 1.43% Li<sub>2</sub>O from 121m. Follow-up geochemical sampling has helped further refine targets in the area, while Kingston is also trialing the use of Deep Ground Penetrating Radar (DPGR) which it believes has the potential to deliver significant value as a targeting tool in the region. DPGR promises to help accurately distinguish pegmatites from surrounding country rock under cover. Pegmatites lack of contrasting density, magnetic susceptibility, or conductivity makes them difficult to identify using conventional geophysical techniques. Kingston anticipates further fieldwork, including DPGR programs to be concluded in the six months to December ahead of a second drilling campaign in Bynoe.

**North Arunta Project:** The North Arunta region is known to host tin / tantalum rich pegmatites, a strong indicator that the extensive pegmatites in the area may be LCT type pegmatites, which host lithium mineralisation in other hard rock pegmatite fields. Initial fieldwork, including mapping and geochemical sampling was undertaken during the period with a number of high grade rock chips and soil anomalies identified. Two priority areas have been identified within the Spotted Wonder prospect, Delmore and Tank Hill. Kingston is progressing approvals for an RC program to test these targets.

**Mount Cattlin Project:** This project lies 15 km south west of the Mt Cattlin lithium mine owned by Galaxy Resources Limited. The tenements cover the Annabelle Volcanics, which host Lithium-Cesium-Tantalum (LCT) pegmatites and are considered prospective for lithium mineralisation. During FY17, Kingston completed its initial fieldwork programs, successfully identifying a significant lithium in soil anomaly at the Deep Purple Prospect. An initial small scale drill program was completed in January, with a best intersection of 5m at 1.11% Li<sub>2</sub>O from 7m, Kingston intends to work towards a follow up program in the region once further fieldwork has been completed.

The Greenbushes tenement lies immediately south of Talison Lithium's Greenbushes mine, the largest hard rock lithium mine in the world. This tenement remains in application.

### **Gold Exploration Assets**

The Livingstone Gold Project, located northwest of Meekatharra in Western Australia, is an advanced exploration project with an existing JORC2004 Inferred mineral resource of 49,900 ounces and a number of high-grade drilling intersections that indicate excellent potential for additional discoveries.

An initial 2190m drill program on the smaller scale Homestead and Winja prospects was completed in March. Best results at Homestead include

- 7 m @ 12.59g/t from 35m
- 3m @ 5.81g/t from 30m
- 12m @ 2.46g/t from 87m

Best results at Winja include:

- 18m @ 3.03g/t from 45m, including 7m @ 5.14g/t

These results highlight the potential for these prospects to host structurally controlled zones of significant gold grades.

An auger program was carried out over the large scale Livingstone's Find anomaly. The drilling, conducted over an area of approximately 17km<sup>2</sup>, revealed high-tenor gold anomalies extending more than 2km across each of the Stanley and Mt Seabrook prospects. The results include gold values in excess of 1,000ppb or 1g/t Au. At the Mt Seabrook area, which includes two lines of old workings known as Mt Seabrook No.1 and No.2, auger drilling defined a large area of gold anomalism greater than 50ppb Au. The Mt Seabrook anomaly covers an area of over 2km long and up to 800m wide with a peak assay of 1.74g/t Au. The Mt Seabrook workings were sampled in 2016 by Kingston, with grab samples returning assays as high as 75.65g/t Au. In the Stanley area, a second major anomaly has been defined, extending east-west for over 3km with a width of up to 350m. Kingston intends to follow this auger program up with aircore drilling in FY18.

### **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.*

### **CAUTIONARY NOTE REGARDING FORWARD&#8208;LOOKING STATEMENTS:**

*This news release contains "forward&#8208;looking statements" or "forward-looking information" under applicable Canadian securities laws, (together referred to herein as "forward&#8208;looking statements"). Except for statements of historical fact relating to WCB or KSN, information contained herein constitutes forward&#8208;looking statements.*

*Forward&#8208;looking statements are characterized by words such as "plan," "expect", "budget", "target", "project", "intend," "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward&#8208;looking statements in this news release include, but are not limited to, statements relating to completion of the Merger and the expected timing of completion, statements regarding the expected benefits to WCB shareholders and KSN shareholders of the proposed transaction. Forward&#8208;looking statements are based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward&#8208;looking statements. These factors include (i) that WCB and KSN will complete the proposed transaction described herein, (ii) political developments, whether generally or in respect of the mining industry specifically, in Australia and PNG, not consistent with WCB's and KSN's current expectations, (iii) WCB's and KSN's expectations in connection with the projects discussed herein being met, (iv) the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, fluctuating metal prices and currency exchange rates, (v) the value that the merger entity will realize from its portfolio of mineral properties, (vi) changes in project parameters as plans continue to be refined, (vii) the continued employment of key WCB and KSN employees, as well as those risk factors discussed or referred to in WCB's and KSN's continuous disclosure filings with the applicable securities regulatory authorities and for WCB available at [www.sedar.com](http://www.sedar.com). Although WCB and KSN have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward&#8208;looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward&#8208;looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Neither WCB nor KSN undertakes any obligation to update forward&#8208;looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward&#8208;looking statements.*

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Die URL für diesen Artikel lautet:  
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