

ASX Release

16 February 2017

GBM RESOURCES AND WCB RESOURCES MERGER TO CREATE A SUBSTANTIAL GOLD DEVELOPMENT AND EXPLORATION GROUP

Highlights:

- GBM Resources Limited (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 sound exploration assets of both companies.
- If completed, the merged entity will have a significant resource base comprising:
 - GBM's Mt Coolon Resources¹:
 - o Measured Resources of 6,200 ounces
 - o Indicated Resources of 173,800 ounces
 - o Inferred Resources of 134,800 ounces
 - WCB's Misima Island Resources²:
 - o Indicated Resource of 637,000 ounces
 - o Inferred Resource of 186,200 ounces
- Importantly significant growth opportunities for discovery of additional resources exist within both the Mt Coolon and Misima Projects.
- The immediate focus will be:
 1. Reopening and development of the Mt Coolon Gold Mine which will enable the group to be funded moving forward.
 2. Completion of a gold resource update, optimisation and financial studies followed by drill testing for resource extensions at Misima.
- Under the HOA each WCB shareholder will receive 8 GBM ordinary shares for every WCB common share.

ASX Code: GBZ

COMPANY DIRECTORS

Peter Thompson
Managing Director/ Executive
Chairman

Neil Norris
Exploration Director – Executive

Hun Seng Tan
Non- Executive Director

CONTACT DETAILS

Principal & Registered Office
Suite 8, 7 The Esplanade,
Mt Pleasant, WA 6153

Exploration Office
10 Parker Street,
Castlemaine, Victoria 3450

Website
www.gbmr.com.au

Email
info@gbmr.com.au
Phone
+61 (8) 9316 9100

Fax
+61 (8) 9315 5475

Phone (Exploration Office)
+61 (3) 5470 5033

Highlights (Continued)

- 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. *In accordance with the requirements of the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Please refer to page 6 of this Announcement for a breakdown of these resources.*
2. *In accordance with the requirements of the National Instrument 43-101 "Standards of Disclosure for Mineral Projects" of the Canadian Securities Administrators. Please refer to page 5 of this Announcement for a breakdown of these resources. WCB's 49% interest in the Misima Resource equates to 823,000 ounces.*

GBM Resources Ltd (ASX: GBZ) and WCB Resources (TSX-V: WCB) 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, 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 areas has the potential to ensure that the merged company has an exciting future 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.

If completed, the merged entity will have a significant gold resource base comprising:

GBM's Mt Coolon Resources:

- o Measured Resources of 6,200 ounces
- o Indicated Resources of 173,800 ounces
- o Inferred Resources of 134,800 ounces

WCB's Misima Island Resources:

- o Indicated Resource of 637,000 ounces
- o Inferred Resource of 186,200 ounces

- 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 Copper 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 to vote in favour 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.

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 (refer to ASX announcement dated 10 February 2017 for details of the loan agreement with National Federal Capital Limited), 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.

Pursuant to the TSX-V Rules, WCB shareholders must approve the Merger with 66^{2/3}% of the votes cast being in favour of the acquisition resolution. 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.

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 CAD\$0.05, subject to approval of the TSX-V.

GBM provides an indicative timetable for the proposed merger transaction as follows:

Execution of Merger Arrangement Agreement	31 March 2017
General Meetings convened by GBM and WCB seeking Shareholder approval of the Merger	May 2017
Implementation of the Merger Agreement	June 2017

Assets Snapshot

WCB Resources Limited

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 PPC to test 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 Ag	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

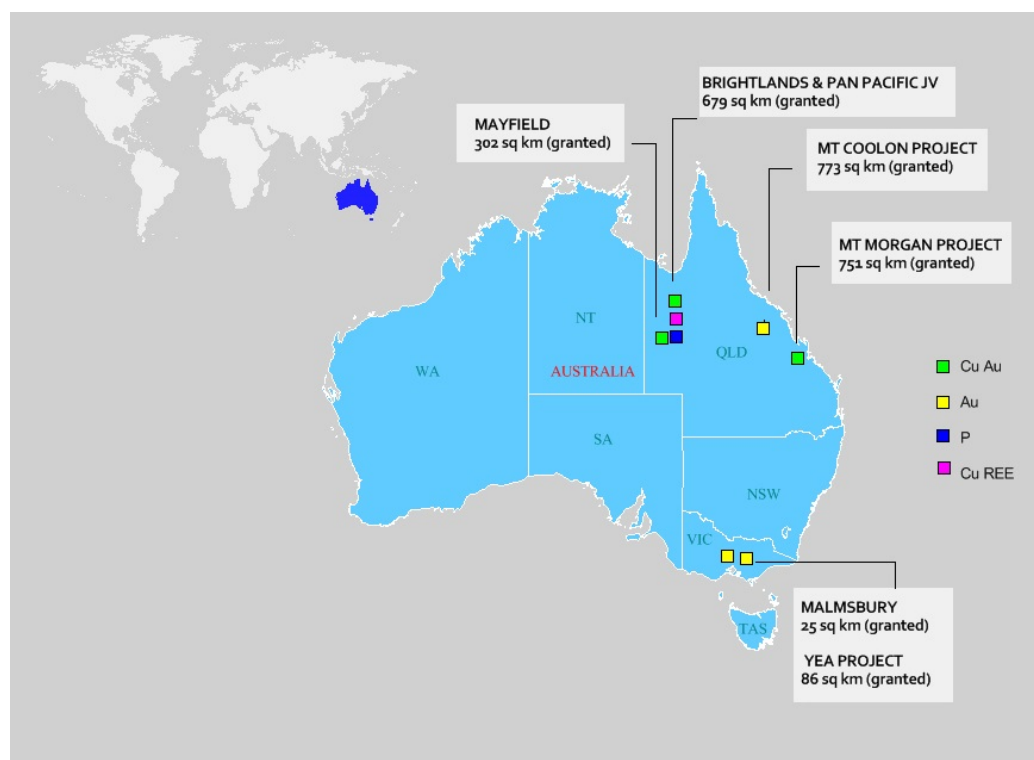
1. Rounding may cause apparent computational errors.
2. Reported at USD\$1200/oz gold price USD\$20/oz silver price within an optimised pit run at USD\$1400/oz gold price USD20/oz silver price and costs provided by WCB. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
3. Resources detailed above were prepared in accordance with the requirements of National Instrument 43-101 "Standards of Disclosure for Mineral Project" of the Canadian Securities Administrators, prepared by AMC Consultants Pty Ltd., 'Misima Gold-Copper Project Technical report, WCB Resources Ltd.' 31 March 2015.

With respect to the Misima Project Resource estimate, the Company advises that:

- the estimates are foreign estimates and are not reported in accordance with the JORC Code;
- a competent person has not done sufficient work to classify the foreign estimates as mineral resources or ore reserves in accordance with the JORC Code; and Chapter 5 Additional reporting on mining and oil and gas production and exploration activities; and
- it is uncertain that following evaluation and/or further exploration work that the foreign estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code.

GBM Resources Limited

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 seven 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 stock work 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; Babura, 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.

GBM Resource Summary

Project	Location	Resource Category									Total			Cut-off
		Measured			Indicated			Inferred						
		000' t	Au g/t	Au ozs	000' t	Au g/t	Au ozs	000' t	Au g/t	Au ozs	000' t	Au g/t	Au ozs	
Koala	Open Pit				370	2.8	33,500	750	2.1	51,700	1,110	2.4	85,000	0.4
	Underground Extension				50	3	5,100	230	3.9	28,500	280	3.7	33,700	2.0
	Tailings	114	1.6	6,200	9	1.6	400				124	1.6	6,600	1
	Total	114	1.7	6,200	429	2.8	39,000	980	2.5	80,200	1,514	2.6	125,300	
Eugenia	Oxide				1,305	0.9	39,300	219	0.7	5,100	1,524	0.9	44,400	0.4
	Sulphide				2,127	0.9	62,300	1,195	1.2	45,500	3,322	1.0	107,800	0.4
	Total				3,432	0.9	101,600	1,414	1.1	50,600	4,846	1.0	152,200	0.4
Glen Eva	Below pit.				132	7.8	33,200	21	5.9	4,000	154	7.5	37,200	3.0
Total		114	1.7	6,200	3,993	1.4	173,800	2,415	1.7	134,800	6,514	1.5	314,700	

Table; Mount Coolon Gold Project Global Resource Summary (Refer ASX announcement 23 August 2016).

Eugenia Gold Deposit (refer ASX announcement 23 August 2016)

- Publication of Eugenia Heap Leach Scoping Study showing potential economic viability.
- 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 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 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.

➤ **Mount Morgan Copper Gold Project (Queensland, Australia)**

The Mount Morgan Project has a highly prospective exploration tenement portfolio incorporating 11 granted leases covering a total of approximately 750 square kilometres.

The Project tenements surround the world-class Mount Morgan Au Cu deposit which has produced in excess of 8 million ounces of gold and 400,000 tonnes of copper.

Recent 2016 Highlights:

- Re-classification of Mount Morgan as a porphyry-related deep epithermal style deposit.
- GBM acquired 100% of the Moonmera Copper-Molybdenum Project from Rio Tinto Exploration Pty Ltd – a significant addition to the project.
- Outstanding exploration project – one of the largest known porphyry copper systems in Eastern Australia.
- GBM currently undertaking project wide data compilation and review, with a view to investigate options to further fund and explore this project including joint venture and farm-in options.

➤ **Brightlands and Milo Iron-Oxide Copper-Gold (IOCG) and REE Project (Queensland, Australia)**

The project area has high order discovery opportunity with multiple targets for copper-gold, in addition to the previously identified copper and rare-earth (REE) mineralisation, (refer to www.gbmr.com.au for further information).

➤ **May Field Copper-Gold Project (Queensland, Australia)**

High order discovery opportunity with high order copper-gold geochemical and drilling anomalies adjacent to the high-grade Tick Hill Gold Mine which historically produced 470,000 tonnes averaging 28g/t Au and Trekelano Copper Mine with a resource (2006) of 3.1 million tonnes @2.15 Cu and 0.64g/t Au. in Queensland's North West Mineral Province.

(Trekelano metal inventory based on figures form Newcrest Annual Report for EPM1411 2006. Tick Hill Gold Mine production from MIM Holdings Annual reports in Diatreme Resources Limited website.)

➤ **Malmsbury Gold Project (Victoria, Australia)**

Large intrusive related Gold System (IRGS) (refer to www.gbmr.com.au for further information). The project also holds significant exploration upside.

Reporting of Foreign Estimates

With respect to the reporting of mineral resources estimates for the Misima Island Project, the Company provides the following information pursuant to ASX Listing Rule 5.12:

- The Misima Island Mineral Resource Estimates have been extracted from the National Instrument 43-101 Independent Technical Report published by WCB Resources Limited on 18 June 2015.
- National Instrument resource categories are identical to JORC 2012 resource categories.
- The Misima Island Mineral Resource Estimates are considered by GBM Resources Limited to be both relevant and of significant materiality to the proposed merger transaction as they comprise the key asset of WCB Resources. The opportunity for the merged entity to include 49% equity (with the opportunity to increase to 70%) of a project with a total resource in excess of 1.6 Mozs of gold is considered highly significant. Misima will represent over 66% of the resources (based on contained gold) of the merged group.
- GBM Resources Limited considers the Misima Island Mineral Resource to be reliable for reporting purposes as initially reported in accordance with the requirements of National Instrument 43-101. There is no other information in the opinion of the Company that is required to be considered in understanding the reliability of the Misima Island Mineral Resource Estimate. Descriptions concerning work programs, data reliability, mining and processing parameters and methods relating to resource estimate including future funding requirements are described in detail in the National Instrument 43-101 Independent Technical Report published by WCB Resources Limited on 18 June 2015.
- A summary of the work programs on which the Misima Island Mineral Resource Estimate is based is included in the National Instrument 43-101 Independent Technical Report published by WCB Resources Limited on 18 June 2015. Drilling of the Umuna Zone was conducted between 1978 and 2000 by Placer (PNG) Pty Ltd and another Placer subsidiary Misima Mines Pty Ltd. Barrack provided the drillhole data to WCB which was used for the current Mineral Resource estimate. Drillhole data was available for 2380 drillholes and trenches (144) with files for; surveys, assays and geology. In addition, blasthole data for the Umuna deposit was provided by the Centre for Computational Geostatistics, University of Alberta and was used as an independent data set for completing validation checks against the new resource model as well as providing additional control data for the "as mined surface". Additional support and documentation including original drill logs, assay sheets survey sheets, core photographs, monthly production records, monthly mining reports, reconciliation reports, site survey data, mining consultants reports, mill records and environmental data were also located by WCB from storage in Townsville.
- GBM Resources Limited is not aware of any recent estimates or data relevant to the Misima Island Mineral Resource Estimate other than as included in the National Instrument 43-101 Independent Technical Report published by WCB Resources Limited on 18 June 2015. GBM Resources Limited review of the Misima resource estimate and data upon which it is based concluded that all work has been carried out to either expected or better than expected industry standards in the context of that expected historically and in the realm of modern Nat Inst 43-101 / JORC 2012 reporting expectations. It is the company's view that work required to verify the Misima Island Mineral Resource Estimate in accordance with ASX Listing Rule 5a (JORC Code 2012) will be limited to reviewing available data and summarising into JORC Table 1 format.
- GBM Resources Limited intends, upon successful completion of the proposed merger, to undertake complete further geological interpretation and drilling to support re-estimation of the Misima Resource commencing from July 2017. Following this the company intends to progress a detailed scoping study to evaluate the potential recommencement of gold mining on the Misima Island gold project.

For Further information please contact:

Peter Thompson
Managing Director
GBM Resources Limited
Tel: 08 9316 9100

Karen Oswald
Marko Communications
Tel: + 0423 602 353
Email: Karen.oswald@markocommunications.com.au

Cameron Switzer
President and CEO
WCB Resources Limited
Tel: 07 3212 6212

Competent Persons Statement

The information in this report that relates to Mineral Resources, Exploration Results and Exploration Targets is based on information compiled by Neil Norris, who is a Member of The Australasian Institute of Mining and Metallurgy and The Australasian Institute of Geoscientists. Mr Norris is a full-time employee of the company, and is a holder of shares and options in the company. Mr Norris 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 Norris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the respective announcements and all material assumptions and technical parameters underpinning the resource estimates with those announcements continue to apply and have not materially changed.

The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.

The information in this report that relates to information in respect of foreign resource estimates provided pursuant to ASX Listing Rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the Misima Island Project, and has been compiled by Neil Norris who is a Member of The Australasian Institute of Mining and Metallurgy and The Australasian Institute of Geoscientists. Mr Norris is a full-time employee of the company, and is a holder of shares and options in the company.