

Kingston Resources and WCB Resources sign binding agreement to merge

Highlights

- **Kingston Resources Limited (KSN.ASX) and WCB Resources Limited. (WCB.TSXv) have executed a Binding Heads of Agreement (HOA) to merge the companies by way of a Canadian Plan of Arrangement.**
- **The newly merged ASX listed KSN will be focused on gold and lithium development and exploration in Australia and Papua New Guinea.**
- **The merger combines:**
 - **a joint venture interest in the advanced Misima Gold Project in Papua New Guinea, which hosts a 2.3Moz NI 43-101 resource^{1,2}**
 - **an extensive Northern Territory lithium exploration portfolio**
 - **the emerging Livingstone Gold Project in Western Australia.**
- **The merger is transformative for both companies, with Kingston's strong balance sheet enabling work on the exciting Misima Gold Project to recommence immediately.**
- **Management team with extensive mining, exploration, financial, and corporate experience to advance the company's priorities.**
- **Under the HOA each WCB shareholder will receive 4.5 KSN ordinary shares for every WCB common share.**
- **The HOA is conditional on the parties executing a formal Arrangement Agreement before 30 September 2017.**
- **The Directors of both WCB and KSN unanimously support the merger. WCB major shareholders support the merger in the absence of a superior proposal.**

WCB Resources Ltd. (TSX-V: WCB) and Kingston Resources Ltd. (ASX: KSN) are pleased to announce that they have executed a binding HOA to merge the two companies by way of an Arrangement Agreement under Canadian law. 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 create a new Australasian-focused gold and lithium development and exploration group. Upon completion of the Merger, WCB shareholders will hold approximately 31%, and existing KSN

¹ Refer WCB TSX announcement 10 August 2017, Competent Person statement on p.6 below and information pursuant to Listing Rule 5.12 on p.7 below.

² This resource is reported under the Canadian National Instrument 43-101 and is not reported in accordance with the JORC Code. A Competent Person has not yet done sufficient work to report the resource in accordance with the JORC Code. It is uncertain whether, after further work, the NI43-101 resource will be able to be reported as a Mineral Resource under the JORC Code.

shareholders approximately 69% of the expanded KSN. The Directors of both companies unanimously support the Merger. 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.

Mr Andrew Corbett, Managing Director KSN 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. The attractiveness of a diversified Australasian development and exploration portfolio, and the focus on advancing the Misima Gold Project and emerging Livingstone Gold Project is set to benefit shareholders. The portfolio approach provides shareholders with exposure to both gold and lithium 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 Australian Lithium projects.
 - WCB’s (49%) Misima Gold Project in PNG contains a NI 43-101 gold resource of 2.3Moz, with previous long term historical production of over 3.7Moz of gold. WCB and KSN are excited to more actively pursue the gold potential at Misima. Historic drill holes outside the current resource include:
 - 120m @ 1.57g/t Au from surface in hole GRC1234
 - 48m @ 4.09g/t Au from 38m in hole GDD002
 - 60m @ 1.43g/t Au from 280m in hole PM1417
 - 22m @ 2.14g/t Au from 172m in hole PM2027R
 - 18m @ 2.26g/t Au from 344m in hole PM945
 - 10m @ 6.00g/t Au from 180m in hole PM2235
 - 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 highlights³ include:
 - 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
 - This drilling built upon significant intersections by previous explorers in the area, including:
 - 18m @ 7.85g/t Au from 68m in hole TRC070
 - 5m @ 20.5g/t Au from 3m in hole BRC37
 - 14m @ 3.49g/t Au from 2m in hole MSEC223.

³ Refer ASX:KSN announcements 12 April, 2017 and 29 November 2016

- KSN'S (100%) attractive portfolio of lithium exploration tenements covering four key project areas. 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 Bynoe⁴ include:
 - 12m @ 1.43% Li₂O 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 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 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.

The ASX has provided in principle advice that a waiver from Chapter Listing Rule 7.1 is to be granted for the issue of KSN shares under the Plan of Arrangement provided the new shares are issued by 16 November 2017. The ASX has also advised that KSN shareholder approval under Listing Rule 11.1 is not required for the Merger. KSN is in the process of obtaining the formal waiver under Listing Rule 7.1.

The HOA includes a commitment by WCB not to solicit alternative transactions to the Merger. The current Board along with former management hold a combined interest of 31% 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, has provided written confirmation of its support for 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 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 and regulatory approvals, the Arrangement Agreement is conditional upon WCB obtaining all necessary shareholder and regulatory approvals.

⁴ Refer ASX:KSN announcement 19 July, 2017

The Merger is subject to the approval of WCB shareholders. 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 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 the conditions precedent to the HOA are not satisfied or waived before 30 September 2017, or such later date as agreed by both parties, the HOA will terminate and shall be deemed to be at an end. If the HOA is terminated, the Parties have agreed that the funds loaned to WCB will be repaid to KSN.

Project details

Misima Gold Project

Misima History

Misima Island is located 625km east of Port Moresby in the Solomon Sea. Gold was discovered on the island in 1888 with small scale underground mining continuing until WWII. Placer Dome Inc (Placer) commenced exploration in 1977, with production beginning in 1989. Misima was operated as an open pit gold mine from 1989 to 2001, with stockpiled ore treated for the final three years of the operation until 2004.

The operation was a success for Placer. It mined 87.5Mt at 1.46g/t Au producing 3.7Moz of gold and 22Moz of silver. In 1990 the reserve grade stood at 1.26g/t, however, the mined grade averaged 1.56g/t delivering reserve grade reconciliation of 124%. The mill had nameplate capacity of 5.5Mtpa, easily workable ore saw a maximum throughput of 6.9Mtpa achieved. Gold recoveries averaged 91.5% and costs averaged US\$218/oz, resulting in an average margin of US\$128/oz (37%). At the time the decision was made to close the mine the gold price was below US\$ 300/oz. The mill was subsequently decommissioned and removed by 2005. The site has since been rehabilitated, with the PNG Mineral Resource Authority signing off on the successful rehabilitation in 2012.

WCB Resources Involvement

In Dec 2011, WCB Resources (WCB.TSX) entered into a farm in agreement with Pan Pacific Copper (PPC) to earn up to a 70% interest in the Misima Project by spending \$9m. The initial focus was to target large Cu-Au porphyry systems at depth. To date \$6.8m has been spent. WCB currently holds 49%, and there is \$2.2m remaining to spend to reach 70%. The JV Partner PPC, is owned by JX Nippon Metals and Mining (66%), and Mitsui Mining and Smelting (34%).

WCB has recently announced an updated NI 43-101 Resource for Misima, with the total resource now standing at 73Mt @ 1.0g/t for 2.3Moz Au.

Misima Exploration Potential

KSN and WCB are both of the opinion that the Misima Gold Project has excellent potential for significant increases to the current resource. Several areas will be prioritised for extensional exploration:

1. The Umuna area currently contains the bulk of the known mineral resource and remains open in all directions. Previously mined by Placer over a strike length of approximately 3km, Umuna contains shear-hosted and stratigraphic (skarn) gold mineralisation. A central higher-grade core remains open at depth, including drill intersections such as 66m @ 2.43g/t Au (hole PM944) and

54m @ 2.63g/t Au (PM567). Whittle optimisations indicate the resource is drill constrained in this area, with US\$1,200/oz and US\$1,400/oz Whittle shells drawing down to the base of the estimated resource.

2. Drilling, mapping and surface trench sampling has defined a number of mineralised splay structures branching off the central Umuna structure, trending approximately 310 degrees. Two of these have previously been mined, being the Kulumalia and Tonowak structures, but recent work by WCB has identified additional splays forming an en-echelon series of sub-parallel zones on the south-eastern side of Umuna over strike lengths of 700m to 1km. Additional trench sampling will be conducted on these prospects prior to drill testing.
3. The Kulumalia structure remains open along strike and down dip, with Whittle optimisations indicating that the resource is drilling constrained. Drilling will target depth and strike extensions to the Kulumalia zone.
4. Modelling of the Umuna shear and adjacent splay structures will be undertaken to allow drill targeting of possible ore shoot structures formed along the intersections between each pair of mineralized zones.
5. Sampling and mapping by WCB, Placer and other previous explorers in the area has consistently highlighted the potential for Umuna mineralisation to continue north beyond the limits of previous mining. This area, known as Misima North, includes gold mineralisation in trench and stream sampling over a strike length of 2.5 to 3km which has yet to be drill tested.
6. The smaller resources at Quartz Mountain have received little attention since they were mined by Placer, however there is significant potential for additional mineralisation in this area which is yet to be tested. Drill results such as hole ERC1095 (18m @ 11.59g/t from 24m) demonstrate the potential at Quartz Mountain for higher-grade gold mineralisation.

Kingston Resources

Lithium Exploration Assets

Bynoe / Wingate Projects: These projects cover 497 km² of the extensive Bynoe and Wingate tin-tantalum-lithium pegmatite fields where Core Exploration and Liontown 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 Liontown Resources. This was followed up with a drill program completed in June 2016 which delivered a best intersection of 12m at 1.43% Li₂O 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 (ASX:GXY). 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% Li₂O 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 2,190m 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 in hole KLRC005
- 3m @ 5.81g/t from 30m in hole KLRC003
- 12m @ 2.46g/t from 87m in hole KLRC007

Best results at Winja include:

- 18m @ 3.03g/t from 45m, including 7m @ 5.14g/t in hole KLRC014.

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 17km², 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.

Andrew Corbett

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Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Reserves is based on information compiled by Mr Andrew Paterson, who is a member of the Australian Institute of Geoscientists. Mr Paterson is a full-time employee of the Company 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 reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Paterson consents to the inclusion in this report of the matters based upon the information in the form and context in which it appears.

The technical and scientific disclosure of the Misima 43-101 Indicated and Inferred Mineral Resource estimate has been reviewed and approved by Mr Scott Andrew McManus an 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.

Kingston Resources also notes the following information required in order to report a foreign jurisdiction's estimate of mineralisation in relation to a material project, pursuant to Australian Listing Rule 5.10 to 5.12:

- 5.12.1 The resource estimate for Misima was completed by Mr Scott Andrew McManus, an employee of Skandus Pty Ltd and a Qualified Person as defined by the Canadian National Instrument 43-101. The resource estimate is based up drilling, other geological data and survey information provided by WCB Resources Ltd. The estimate was completed in August 2017.
- 5.12.2 The Canadian resource uses the same resource categories as the JORC Code (Measured, Indicated and Inferred), the main difference being that NI43-101 resources are constrained by a conceptual mining boundary (in this case a Whittle optimisation shell) calculated at a specified gold price. The Misima mineral resource estimate was reported using a US\$1,400 Whittle shell.
- 5.12.3 The NI43-101 mineral resource estimate is materially relevant to Kingston Resources as it has similar requirements for professional diligence as a JORC resource.
- 5.12.4 The NI43-101 resource estimate is regarded as being a reliable estimate, as it was estimated using the same methodology as similar resources in Australia. Grade interpolation was performed inside mineralization wireframes interpreted using geological and assay information. Interpolation was performed using Ordinary Kriging, with search parameters derived from variography.
- 5.12.5 The NI43-101 resource estimate was based upon geology and assay data from approximately 1,945 drill holes at Umuna, and 389 drill holes at Ewatinona. Bulk densities and topographic information was taken from data derived from previous mining at Misima between 1998 and 2004. This resource estimate was an update of previous mineral resource estimates prepared by AMC Consultants, the most recent of which was completed in 2015.
- 5.12.6 This is the most recent resource estimate for the project. It incorporates all available data for the project.
- 5.12.7 Kingston Resources believes that there is sufficient data available, and knowledge of the project, for the mineral resource to be reported in due course in accordance with the JORC Code. Kingston does not believe that additional exploration work is required to report this resource estimate in compliance with the JORC Code, as the resource has been prepared with sufficient professional diligence to comply with Australian JORC standards.
- 5.12.8 Kingston Resources intends to conduct further exploration work on the project, based around extensional drilling, surface sampling and mapping. This is expected to commence in early

2018 or as soon as possible after completion of the current transaction. The initial exploration work is expected to be funded from Kingston's current cash balance.

5.12.9 See cautionary statement (footnote 2) on page 1 above.

5.12.10 The information contained within this announcement provided under Listing Rules 5.12.2 to 5.12.7 is an accurate representation of the available data for the Misima Gold Project. This assessment has been made by Mr Andrew Paterson, an employee of Kingston Resources Ltd and a member of the Australian Institute of Geoscientists. Mr Paterson has sufficient experience 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 reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code).