

## Wallbridge Mining Enters Into Agreement to Acquire Fenelon Gold Project in Quebec



TORONTO, May 25, 2016 /CNW/ - **Wallbridge Mining Company Limited (TSX: WM, FWB: WC7) ("Wallbridge")** is pleased to announce that it has entered into a binding Letter of Intent ("LOI") dated May 24, 2016 (the "Agreement Date") to acquire 100% of the Fenelon Gold Property ("Fenelon Mine Property") from Balmoral Resources Ltd. (TSX:BAR; OTCQX:BALMF) ("Balmoral") for a purchase price of \$3.6 M. The Fenelon Mine Property is an advanced stage project with near-term production potential, as well as drill intersections suggesting exploration potential for resource expansion. The project is located in West-Central Quebec, within the same geological belt that hosts the large Detour Gold mine in Ontario.

"This acquisition is an important step forward for Wallbridge as we implement our strategy of becoming a sustainable producer. Having completed our Broken Hammer open pit mine last year, where we achieved production substantially in excess of the resource estimate in the prefeasibility study and received recognition for safety, this new project allows us to leverage our experience and knowledge as a proven operator to create value for our shareholders. Over the last year we have evaluated over 100 acquisition opportunities against our established criteria of being in a mining friendly jurisdiction, having a short timeline to a potential production decision, having an initial minimum 1-3 year mine life, having a manageable capital cost and most importantly having the potential to generate a high margin return for our shareholders. The Fenelon Mine Property meets every one of those criteria with historic resources, existing infrastructure at site including over one kilometre of underground development, provincial and local road access, reasonable proximity to a number of gold milling facilities with available capacity as well as drill indications for potential resource expansion," stated Alar Soever, Executive Chairman of Wallbridge. "In the next few weeks, Wallbridge will be evaluating the financing alternatives for the completion of the transaction as well as completing technical reports."

President and CEO of Wallbridge, Marz Kord added, "Based on my review of the Fenelon Mine Property using my 30 plus years of experience as mine operator and engineering consultant working on small and large projects in Northern Ontario and Quebec, I am convinced we can move this project forward rapidly and be in a position to make a production decision in the first half of 2017. During our due diligence period, we have done a lot of work on all aspects of the project including an in-house review of the geology and resources, and estimated preliminary capital and operating costs based on quotes from potential mining and transportation contractors, camp operators, and gold milling facilities. Based on this preliminary work we believe we are in an excellent position to move forward quickly and to complete the work necessary to confirm project feasibility and make a production decision within the time frame stated above. A positive decision would mean that the Fenelon Project would meet our stated criteria of being a high margin asset. We have received expressions of interest from mining and transportation contractors who would assist us with bridge financing the working capital by waiting to get paid for their work until we receive payment for product from the processing facilities."

"Exploration opportunities at Fenelon include open mineralized zones close to the existing underground workings as well as high grade drill intersections at depth and along trend. Our initial focus will be on expanding the deposit close to the existing workings," stated Joshua Bailey, Vice President Exploration of Wallbridge, "Recent high grade intersections reported by Detour Gold and Balmoral support the potential for larger high grade systems proximal to the Sunday Lake Deformation Zone."

The Fenelon Project covers 1,052 hectares and is located in West-Central Quebec proximal to the Sunday Lake Deformation Zone which hosts the Detour Gold Mine in Ontario (514 million tonnes reserves grading 0.99 g Au/t, 16.4 M ounces) as well as the Martiniere gold project being explored by Balmoral (Figure 1).

The Fenelon Project contains the Discovery Zone gold deposit (Figures 2 and 3) which was discovered in 1994. A total of over 50,000 metres of drilling have been completed and, very significantly, two bulk samples have been mined and processed from the deposit. In 2001, a 13,835 tonne bulk sample mined from a small open pit at the Discovery Zone was test milled at the Camflo mill in Malartic and returned 132,039 grams (4,245 ounces) of gold giving a reconciled grade of 9.84g/t gold using a calculated recovery of 97%. A second bulk sample, mined from underground and also milled at Camflo was comprised of 8,169 tonnes and returned 80,731 grams (2,596 ounces) of gold giving a reconciled grade of 10.7 g/t gold. The open pit and underground workings are currently flooded, with dewatering expected to take no longer than 6 to 8 weeks after all permits are in place.

Historic resources were last estimated in September 2004 and were updated in January 2005, by Carl Pelletier, B. Sc., P. Geo. and Yves Gagnon, M. Sc., P. Geo., based on all the results available at the time of writing, to take into account the volumes extracted during the underground bulk sample. The January 2005 Technical Report was filed on SEDAR on March 2, 2005 and can be viewed on the SEDAR website under the company name of American Bonanza Gold Mining Corp. The in situ historic Measured and Indicated Resources were estimated at 47,927 tonnes grading at 19.61 g/t Au (including 3,098 tonnes of on-site broken ore). An additional 27,245 t grading 12.79 g/t Au of historic inferred resources were also estimated.

The historic resource estimate is considered reliable, and the report was prepared in accordance with NI-43-101, but cannot be considered current as about 16,000 metres of additional diamond drilling has been completed since that time. This data will need to be incorporated into an updated resource estimate.

The area for which the historic resource estimate was compiled is located between sections 990 E and 1150 E, and from the surface (El. 5250) to a depth of 175 m (El. 5075). No data was incorporated in the estimate outside this area as no geologic interpretation was available at the time. The interpretation will have to be extended to incorporate material for the surrounding ground (Figure 3).

The historic resources were estimated using the polygonal method from sections, longitudinal sections and level plans. All data were compiled and are presented on cross-sections, longitudinal sections and level plans. The authors based their estimate on a 5 g/t Au cut-off. High-grade assays cut at 50 g/t Au for the underground chip and muck samples and at 75 g/t Au for all drill assays.

The historic Measured Resources were calculated from mineralized material outlines of the zones as defined by geological mapping of the underground mine workings. The historic Indicated Resources are supported by the diamond drill results. The area of influence of each drill hole is limited to a ten metre radius from its intercept or the mid-distance to the nearest hole or underground working. For the historic Inferred Resources, the area of influence of each DDH extends from 10 to 20 metres from its intercept or the mid-distance to the nearest hole or underground working.

At this time, in accordance with NI-43-101, Wallbridge is not treating the historical estimate as current mineral resources or mineral reserves, as an independent qualified person has not done sufficient work to classify the historical estimate as current. Work is currently underway to incorporate the results of the 16,000 metres of additional drilling completed since the time of the historic resource estimate into an updated current resource estimate.

Initial work plans for the project include:

- Completion of an updated resource/reserve estimate and a NI 43-101 report
- Consultations with First Nation communities
- Initiating permitting for dewatering the pit and underground workings for the purpose of underground rehabilitation, underground diamond drilling, and eventual development/mining
- Firming up costs for a preliminary economic assessment ("PEA") or prefeasibility study by securing firm bids for mining, transportation of the ore to a mill, and custom milling at a toll milling facility.
- Completion of a PEA or pre-feasibility study

- Contingent on positive results, making a production decision

It is expected the above plans can be completed within 8-12 months.

"We look forward to rapidly moving this project forward following completion of the transaction," stated Marz Kord, President and CEO of Wallbridge. "We are very encouraged by the grades that were mined during both the surface and underground bulk sampling campaigns, and with the exploration potential in the immediate vicinity of the existing underground workings."

The LOI outlines the terms of the proposed transaction which are as follows, for reference the **LOI Date** is May 24, 2016:

- Wallbridge shall immediately upon receipt of TSX approval, issue to Balmoral that number of common shares in the capital of Wallbridge as is equal to \$200,000 based on the 20 day volume weighted average trading price of Wallbridge's common shares in the 20 days immediately prior to market close on May 20, 2016; said payment equalling 2,381,575 common shares of Wallbridge. The shares issued will be subject to standard 4 month hold provisions.
- The parties shall, using their respective best efforts, prepare a purchase agreement (the "**Purchase Agreement**") to confirm and expand on the terms outlined in the LOI. It is the intention of the parties that the Purchase Agreement shall be signed within 60 days of the LOI Date.
- Under the terms of the LOI the purchase price for the Property, if paid by Wallbridge to Balmoral within 60 days of LOI Date, will be \$3,400,000 cash.
- Should Wallbridge not be in a position to make the required cash payment within 60 days of the LOI Date the cash purchase price will increase to \$3,500,000. Wallbridge may extend the final deadline for payment to 120 days from the LOI Date by making two non-refundable cash payments to Balmoral of \$500,000 each on or before the 60<sup>th</sup> and 90<sup>th</sup> day from the LOI Date. Both payments will form part of the final purchase price.
- Should the Purchase Agreement not be completed and/or the purchase payment(s) not be received by Balmoral under the terms outlined above, then the LOI and/or the Purchase Agreement (if completed) shall automatically terminate. Upon termination of the LOI and/or Purchase Agreement Wallbridge will retain no interest in the Property and Balmoral will be entitled to retain any payments previously received under the terms of the LOI and/or Purchase Agreement.
- In all cases Balmoral shall retain a 1% NSR on any future production from the Property.

Financing for the project has been initiated and will proceed over the next several weeks, with a focus on supplier financing, equity, and debt, with the objective of optimizing potential project returns.

The technical content of this press release has been reviewed and approved by Alar Soever, P. Geo., Executive Chairman of Wallbridge, in his capacity as a Qualified Person as defined in NI-43-101.

#### **About Wallbridge Mining**

Wallbridge creates value through the acquisition, discovery, development, and production of metals. Wallbridge is working to establish a portfolio of projects that will support sustainable production and revenue as well as organic growth through exploration and scalability.

Wallbridge is currently in discussions regarding several advanced stage projects which could become the Company's next production platforms. These discussions benefit from the operating capabilities Wallbridge demonstrated by safely and efficiently mining the Broken Hammer deposit, which was completed in October 2015.

Wallbridge is continuing active partner-funded exploration on its large portfolio of nickel, copper, and PGM projects in Sudbury, Ontario. Most of this work is funded by joint venture partners and has led to the discovery of numerous mineral occurrences including the Broken Hammer deposit.

Wallbridge has further exposure to active exploration for copper and gold in Jamaica and British Columbia through its 16.8% ownership of Carube Copper Corp. ("Carube Copper") (CUC:TSX-V, formerly Miocene Resources Limited). Carube Copper's activities in Jamaica benefit from the funding by OZ Minerals Limited ("OZ Minerals"), with whom Carube Copper has two joint ventures.

*This press release may contain forward-looking statements (including "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995) relating to, among other things, the operations of Wallbridge and the environment in which it operates. Generally, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Wallbridge has relied on a number of assumptions and estimates in making such forward-looking statements, including, without limitation, the costs associated with the development and operation of its properties. Such assumptions and estimates are made in light of the trends and conditions that are considered to be relevant and reasonable based on information available and the circumstances existing at this time. A number of risk factors may cause actual results, level of activity, performance or outcomes of such exploration and/or mine development to be materially different from those expressed or implied by such forward-looking statements including, without limitation, whether such discoveries will result in commercially viable quantities of such mineralized materials, the possibility of changes to project parameters as plans continue to be refined, the ability to execute planned exploration and future drilling programs, the need for additional funding to continue exploration and development efforts, changes in general economic, market and business conditions, and those other risks set forth in Wallbridge's most recent annual information form under the heading "Risk Factors" and in its other public filings. Forward-looking statements are not guarantees of future performance and such information is inherently subject to known and unknown risks, uncertainties and other factors that are difficult to predict and may be beyond the control of Wallbridge. Although Wallbridge has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. Consequently, undue reliance should not be placed on such forward-looking statements. In addition, all forward-looking statements in this press release are given as of the date hereof.*

*Wallbridge disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, save and except as may be required by applicable securities laws. The forward-looking statements contained herein are expressly qualified by this disclaimer.*

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CNW 07:30e 25-MAY-16