

# Wallbridge Mining Company Ltd. and Balmoral Resources Ltd. to Combine in an All-Stock Transaction, Creating a Formidable

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## And Well Financed Canadian Exploration & Development Company with a Dominant Land Position along the Detour Gold Trend in Quebec

TORONTO and VANCOUVER, March 2, 2020 - [Wallbridge Mining Company Ltd.](#) (TSX:WM) ("Wallbridge" or the "Company") and [Balmoral Resources Ltd.](#) (TSX:BAR) ("Balmoral") announce today that they have entered into a definitive agreement (the "Arrangement Agreement") following the signing of a Letter of Intent on February 14, 2020, whereby Wallbridge will, among other things, acquire all of the issued and outstanding shares of Balmoral, in an all-stock transaction, pursuant to a plan of arrangement as further described below (the "Transaction").

Under the terms of the Transaction, all of the issued and outstanding shares of Balmoral will be exchanged at a ratio of 0.71 of a Wallbridge common share for each Balmoral common share. Upon completion of the Transaction, existing Wallbridge and Balmoral shareholders will own approximately 82% and 18% of the Company's pro forma issued and outstanding shares, respectively.

The exchange ratio implies consideration of C\$0.62 per Balmoral common share based on the volume weighted average price of Wallbridge common shares on the Toronto Stock Exchange ("TSX") for the 20 trading days ending February 28, 2020, representing a 46% premium to the volume weighted average price of Balmoral common shares on the TSX over that period and implying an equity value of the Transaction equal to C\$110 million.

### Transaction Benefits to Wallbridge Shareholders

- Combines complementary, highly prospective properties located in the mining-friendly Nord-du-Québec region of western Québec, creating opportunity for synergies given close proximity of the properties
- Significantly expands Wallbridge's land holdings in Quebec (from 10.5 km<sup>2</sup> to 739.0 km<sup>2</sup>) along the Detour Gold Trend, improving the Company's potential for further discoveries in the district as well as additional mine development flexibility
- In addition to Fenelon, adds multiple gold-focused properties, including the resource stage Martiniere gold deposit, within the prolific Abitibi Greenstone Belt that have exploration upside, and a resource Ni-Cu-Co-PGE project that has option value
- Support of Wallbridge and Balmoral's largest shareholder, Eric Sprott, who owns approximately 23% of Wallbridge and 9% of Balmoral
- Increased market capitalization which has the potential to attract greater support from new investors seeking to participate in funding the potential future growth of Wallbridge

### Transaction Benefits to Balmoral Shareholders

- An immediate and significant premium of 46% based on the volume weighted average price of the shares of both companies for the 20-trading day period ending February 28, 2020, and 60% to the closing price of the Balmoral common shares on the TSX on February 28, 2020.
- Exposure to Wallbridge's existing Fenelon property, which hosts the highly prospective Area 51 and Tabasco zones, multiple exploration targets and significant underground infrastructure
- Participation in the potential upside of Wallbridge's shares from any exploration and development success at Fenelon, as well as the pro forma company's other properties
- Significantly enhanced trading liquidity
- The combined entity will have an enhanced capital markets profile and a pro forma cash balance of approximately C\$67 million, which takes on particular importance given the extreme market volatility experienced over the past trading week, to advance the combined assets and pursue further growth opportunities

"This strategic transaction makes sense for the shareholders of both Wallbridge and Balmoral," said Marz Kord, President, CEO & Director of Wallbridge. "The combination of our two companies creates an entity with a solid balance sheet; a diverse yet focused project portfolio; a motivated management group experienced in exploration, development and production; and the scale, resource growth potential and discovery upside that gives us the opportunity to build on the strengths of both companies".

Darin Wagner, President, CEO & Director of Balmoral, stated, "The recent exploration success at Tabasco, Ripley and throughout Area 51 speak to a large gold system which we are just beginning to unlock and which is combined in its entirety through this transaction. Today's announcement creates one of best funded exploration companies in Canada which has enjoyed tremendous support from Mr. Eric Sprott and a solid shareholder base which includes gold producer Kirkland Lake Gold who operate along the Detour Gold Trend".

### **Transaction Details**

The Transaction will be affected by way of a court-approved plan of arrangement under the Business Corporations Act (British Columbia) and will be subject to the approval of two thirds of the votes cast at a special meeting of Balmoral shareholders to be held on or about May 7, 2020. The transaction is subject to approvals from the Toronto Stock Exchange, as well as other conditions. The Arrangement Agreement provides for, among other things, customary reciprocal board support and non-solicitation covenants, with "fiduciary out" provisions that allow Balmoral to accept a superior proposal in certain circumstances and "right to match period" in favour of Wallbridge. The Arrangement Agreement also provides for a termination fee of C\$2.5 million to be paid by Balmoral to Wallbridge if the Arrangement Agreement is terminated by Balmoral in certain specified circumstances and reimbursement of expenses for either party if the Arrangement Agreement is terminated in certain other specified circumstances.

Eric Sprott, who currently holds approximately 9% of Balmoral's common shares, has entered into a voting and support agreement pursuant to which, among other things, he has agreed to vote his Balmoral common shares in favour of the transaction.

The directors and senior officers of Balmoral have also entered into customary support and voting agreements to vote their shares in favour of the combination. The Arrangement Agreement will be filed under each of Wallbridge's and Balmoral's profiles on SEDAR ([www.sedar.com](http://www.sedar.com)). The terms of the transaction and related matters will also be described in detail in a management information circular of Balmoral to be filed with the regulatory authorities and mailed to Balmoral shareholders in accordance with applicable securities laws.

### **Board Recommendations and Fairness Opinion**

Balmoral's Board of Directors (the "Balmoral Board"), based on the recommendation of a committee of independent directors (the "Balmoral Special Committee"), has determined that the combination is in the best interests of Balmoral and has unanimously recommended that Balmoral shareholders vote in favour of the transaction. The Balmoral Special Committee has obtained an independent opinion from PI Financial Corp. that the consideration to be received by Balmoral shareholders pursuant to the Transaction is fair, from a financial point of view, to Balmoral shareholders. A special committee of the board of directors of Wallbridge obtained an opinion from Canaccord Genuity Corp. that the consideration to be paid by Wallbridge in connection with the Transaction, is fair, from a financial point of view, to Wallbridge.

### **Advisors and Counsel**

Canaccord Genuity Corp. is acting as financial advisor and Irwin Lowy LLP is acting as legal counsel to Wallbridge. INFOR Financial Inc. is acting as financial advisor and Blake, Cassels & Graydon LLP is acting as legal counsel to the Balmoral Special Committee. Gowling WLG (Canada) LLP is acting as legal counsel to Balmoral.

### **About Wallbridge Mining Company Limited**

Wallbridge is establishing a pipeline of projects that will support sustainable 100,000 ounce-plus annual gold production as well as organic growth through exploration and scalability.

The Company is currently developing its 100%-owned Fenelon Gold Property, which is located proximal to the Sunday Lake Deformation Zone, an emerging gold belt in northwestern Quebec with an ongoing 100,000

to 120,000 metre exploration drill program in 2020 and a 33,500-tonne bulk sample and 75,000 metres of drilling completed in 2019. Wallbridge is also pursuing additional advanced-stage projects which would add to the Company's near-term project pipeline. Wallbridge is also the operator of, and an 18% shareholder in, Loncan Canada Inc., a privately-held company with a large portfolio of nickel, copper, and PGM projects in Ontario's Sudbury Basin.

### **About Balmoral Resources Ltd.**

Balmoral is a multi-award winning Canadian-focused exploration company actively exploring a portfolio of gold and base metal properties located within the prolific Abitibi greenstone belt. The Company's flagship, Detour Gold Trend Project hosts the resource-stage Bug and Martiniere West gold deposits and the Grasset nickel-copper-cobalt-PGE deposit. Employing a drill-focused exploration style in one of the world's preeminent mining jurisdictions, Balmoral is following an established formula with a goal of maximizing shareholder value through the discovery and definition of high-grade, Canadian gold and base metal assets.

### **Disclaimers**

*This press release contains statements which constitute "forward-looking information" within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of Wallbridge and Balmoral with respect to future business activities and operating performance. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and include information regarding: (i) expectations regarding whether the proposed Transaction will be consummated, including whether conditions to the consummation of the Transaction will be satisfied, or the timing for completing the Transaction, (ii) expectations regarding the potential benefits and synergies of the Transaction and the ability of the combined company to successfully achieve business objectives, including integrating the companies or the effects of unexpected costs, liabilities or delays, (iii) expectations regarding additions to mineral resources and reserves and future production, (iv) expectations regarding financial strength, free cash flow generation, trading liquidity, and capital markets profile, (v) expectations regarding future exploration and development, growth potential for Wallbridge's and Balmoral's operations, (vi) the availability of the exemption under Section 3(a)(10) of the U.S. Securities Act to the securities issuable in the Transaction, and (viii) expectations for other economic, business, and/or competitive factors.*

*Investors are cautioned that forward-looking information is not based on historical facts but instead reflect Wallbridge's and Balmoral's respective management's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although Wallbridge and Balmoral each believe that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the combined company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: the ability to consummate the Transaction; the ability to obtain requisite court, regulatory and shareholder approvals and the satisfaction of other conditions to the consummation of the Transaction on the proposed terms and schedule; the ability of Wallbridge and Balmoral to successfully integrate their respective operations and employees and realize synergies and cost savings at the times, and to the extent, anticipated; the potential impact on exploration activities; the potential impact of the announcement or consummation of the Transaction on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; the re-rating potential following the consummation of the Transaction; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws; compliance with extensive government regulation; and the diversion of management time on the Transaction. This forward-looking information may be affected by risks and uncertainties in the business of Wallbridge and Balmoral and market conditions. This information is qualified in its entirety by cautionary statements and risk factor disclosure contained in filings made by Wallbridge and Balmoral with the Canadian securities regulators, including Wallbridge's and Balmoral's respective annual information form, financial statements and related MD&A for the financial year ended December 31, 2018 and their respective interim financial reports and related MD&A for the period ended September 30, 2019 filed with the securities regulatory authorities in certain provinces of Canada and available at [www.sedar.com](http://www.sedar.com).*

*This press release also contains Future Oriented Financial Information and financial outlooks (collectively, "FOFI") within the meaning of applicable Canadian securities laws. The FOFI has been prepared by management of Wallbridge and Balmoral as at the date hereof, to demonstrate the potential benefits of the Transaction to shareholders. The FOFI has been prepared based on a number of assumptions that management of Wallbridge and Balmoral believe are reasonable. However, because this information is*

*highly subjective and subject to numerous risks, including the risks discussed above, it should not be relied on as necessarily indicative of future results.*

*Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although Wallbridge and Balmoral have attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Wallbridge and Balmoral do not intend, and do not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.*

*The Toronto Stock Exchange has neither reviewed nor accepts responsibility for the adequacy or accuracy of this news release.*

SOURCE [Wallbridge Mining Company Ltd.](#)

## Contact

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