



GBM RESOURCES LIMITED

ACN 124 752 745

NOTICE OF EXTRAORDINARY GENERAL MEETING

TIME: 11.00am (EST)

DATE: Tuesday, 16 September 2014

PLACE: Cellini Lounge
191 Burgundy Street, Heidelberg
Melbourne, Victoria

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9316 9100.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at Cellini Lounge, 191 Burgundy Street, Heidelberg, Melbourne, Victoria on 16 September 2014 at 11.00am (EST).

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (EST) on 14 September 2014.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 57,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – PLACEMENT OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 33,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – PLACEMENT OF OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, approval be given for the Directors to issue up to 90,000,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – PARTICIATION IN PLACEMENT BY RELATED PARTY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval be given for the Directors to issue up to 10,000,000 Shares and 10,000,000 Options to Mr Frank Cannavo (and/or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Frank Cannavo (and/or his nominees) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 11 AUGUST 2014

BY ORDER OF THE BOARD

**KEVIN HART
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. BACKGROUND TO RESOLUTIONS

On 22 July 2014, the Company announced a capital raising of \$1,140,000 through the issue of 57,000,000 Shares at an issue price of \$0.02 per Share together with 57,000,000 free attaching Options (**Capital Raising**). On 5 August the Company announced additional funds raised pursuant to the capital raising of \$860,000, by the placement of an additional 43,000,000 Shares at \$0.02 per Share, with 43,000,000 free attaching options.

The issue of the Shares and Options forming the placement securities is to be completed in two tranches.

The first tranche of 57,000,000 Shares has been completed pursuant to Listing Rule 7.1, Shareholder ratification of which is sought pursuant to Listing Rule 7.4 in Resolution 1, and the second tranche of 43,000,000 Shares and 100,000,000 Options are to be issued subject to Shareholder approval sought in Resolutions 2 to 4.

2. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES

2.1 General

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The Company issued the first tranche of 57,000,000 Shares the subject of the Capital Raising without prior Shareholder approval out of its 15% annual placement capacity under ASX Listing Rule 7.1, on 22 July 2014.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 or 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1 and 7.1A.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and up to the 10% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

2.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) Equity securities were issued on the following basis
 - (i) 57,000,000 Shares issued pursuant to Listing Rule 7.1;
- (b) the issue price per Share was \$0.02;

- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated investors. None of these subscribers were related parties of the Company; and
- (e) the funds raised from this issue will be used to fund ongoing exploration and development of the Company's exploration assets and for general working capital.

3. RESOLUTION 2 – PLACEMENT OF SHARES

3.1 General

Resolution 2 seeks Shareholder approval for the issue of up to 33,000,000 Shares, being the second tranche of the capital raising referred to in Section 1 above, which are proposed to be issued to non-related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above.

The effect of Resolution 3 will be to allow the Company to issue the Shares pursuant to the Share Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- (a) the maximum number of Shares to be issued is 33,000,000;
- (b) the Shares to be issued will be fully paid ordinary shares in the capital of the Company, and will be issued on the same terms and conditions as the Company's existing Shares;
- (c) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the issue price per Share will be \$0.02;
- (e) the Shares will be issued to sophisticated investors. None of these subscribers are related parties of the Company;
- (f) the funds raised from this issue will be used to fund ongoing exploration and development of the Company's exploration assets and for general working capital.

4. RESOLUTION 3 – PLACEMENT OF OPTIONS

4.1 General

Resolution 3 seeks Shareholder approval for the issue of up to 90,000,000 Options (GBZO listed options) for nil cash consideration to subscribers in the Capital Raising (**Option Placement**).

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above.

The effect of Resolution 3 will be to allow the Company to issue the Options pursuant to the Option Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Option Placement:

- (a) the maximum number of Options to be issued is 90,000,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the issue price of the Options will be nil as they will be issued free attaching with the Shares issued pursuant to the Capital Raising;
- (d) the Options will be issued to the subscribers in the Capital Raising, (who are not related parties of the Company), the subject of Resolutions 1 and 2;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the Option Placement as the Options are being issued for nil cash consideration.

5. RESOLUTION 4 – PARTICIPATION IN PLACEMENT BY RELATED PARTY

5.1 General

The Company is seeking Shareholder approval for the issue of Shares and Options to Mr Frank Cannavo, a director of the Company and therefore a related party, on the same terms and conditions as the Share Placement set out in Section 1 above (i.e. to allow the director to participate in the Share Placement).

Resolution 4 seeks Shareholder approval for the issue of the following securities to the related party (**Participation**):

- a) 10,000,000 Shares to Mr Frank Cannavo (and/or his nominees); and
- b) 10,000,000 Options to Mr Frank Cannavo (and/or his nominees)

The Shares and Options the subject of Resolution 4 are in addition to the Shares and Options the subject of Resolutions 2 and 3 respectively.

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) Obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) Give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Shares and Options constitutes the giving of a financial benefit and Mr Frank Cannavo is a related party of the Company by being a director.

With respect to Resolution 4, the Directors (other than Mr Frank Cannavo who has a material personal interest in Resolution 4) consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares and Options will be issued to Mr Cannavo on the same terms as Shares and Options issued to non-related party participants in the Share Placement and as such the giving of the financial benefit is on arms-length terms.

5.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Share Placement involves the issue of Shares and Options to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

5.4 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) The maximum number of securities to be issued are 10,000,000 Shares and 10,000,000 Options to be allotted to Mr Frank Cannavo (or his nominees), being a related party of the Company;
- (b) the Shares and Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on the same date;
- (c) the issue price of the Shares will be \$0.02 per Share;
- (d) the issue price of the Options will be nil as they will be issued free attaching with the Shares issued pursuant to the Capital Raising;
- (e) the Shares to be issued will be fully paid ordinary shares in the capital of the Company, and will be issued on the same terms and conditions as the Company's existing Shares;
- (f) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (g) funds raised from this issue will be used to fund ongoing exploration and development of the Company's exploration assets and for general working capital.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares and Options to the related party will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

Glossary

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means GBM Resources Limited (ACN 124 752 745).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

EST means Eastern Standard Time as observed in Melbourne, Victoria.

Explanatory Statement means the explanatory statement accompanying the Notice.

Extraordinary General Meeting or **Meeting** means the meeting convened by the Notice.

Listed Options means an Option listed on ASX under the code GBZO.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Participation means the participation by Mr Frank Cannavo, a director of the Company, in the Share Placement.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS-PLACEMENT

1. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

2. Exercise Price

Subject to paragraph 10, the amount payable upon exercise of each Option will be \$0.035 (**Exercise Price**).

3. Expiry Date

Each Option will expire at 5.00pm (WST) on 30 June 2016 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

5. Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

6. Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

7. Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (a) the Exercise Date; and
- (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the

Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 7(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

8. Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

9. Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

10. Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

11. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

12. Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

13. Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.