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ASX Announcement

135% Increase in Gold Resource at Koala Gold Mine, Mt Coolon Gold Project, Qld

- **Gold resource increased by 135% to 1.4Mt averaging 2.6 g/t Au containing an estimated 118,700 ounces.**
- **The Koala Gold Deposit now has an identified gold endowment (past production and current resources) containing an estimated 378,000 ounces with significant exploration upside.**
- **Interpreted en-echelon[1] structural setting opens significant opportunity for discovery of high-grade gold mineralisation north and south of the Koala Lode.**
- **Historical gold production has produced 243,000 ounces at an average grade of 12.7 g/t Au. Production was extracted from workings extending over a strike length of 900 metres and from a depth of only 130 metres from surface.**
- **The global gold resource at Mount Coolon Gold Project has increased to contain an estimated 320,000 ounces of gold.**

Australian resources company **GBM Resources Limited** (ASX: **GBZ**) ("**GBM**" or "**the Company**") is pleased to announce the remodelled resource estimate at Koala Gold Mine has resulted in a significant 135% increase to **1.4Mt averaging 2.6 g/t Au containing an estimated 118,700 ounces of gold** .

The Koala Gold Mine, is part of the Mount Coolon Gold Project, located within the Drummond Basin, a mineral province which hosts numerous epithermal gold deposits with historical gold production of more than 4.5 Mozs and a total known gold endowment of over 7.5 Mozs of gold.

ASX Code: **GBZ**

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I. *"En_Echelon" – defined as closely spaced, parallel or sub-parallel mineral filled lenses within a body of a rock.*

Mining of the existing open cut at Koala ceased in 1996 when the gold price was less than A$500 per ounce. Improvements in mining efficiency during the last twenty years combined with increase in gold price make the deepening of the existing open pit a potentially viable consideration.

A detailed review of the geology of the Koala Deposit confirmed that lower grade stockwork mineralisation extends for several metres on either side of the central high-grade chalcedony zone both below the old open pit, and around the old underground workings.

Resource Category		Ore Type	Cutoff Grade (g/t Au)	Tonnes (t)	Grade Au (g/t)	Contained Gold (ozs.)
Indicated	open pit	Fresh	0.4	250,000	2.9	22,800
		Oxide	0.4	30,000	1.1	1,100
		Transition	0.4	90,000	3.3	9,600
	underground	Fresh	2.0	50,000	3.0	5,100
		sub total Indicated		**420,000**	**2.8**	**38,500**
Inferred	open pit	Fresh	0.4	600,000	2.3	44,900
		Oxide	0.4	40,000	0.8	1,200
		Transition	0.4	110,000	1.6	5,600
	underground	Fresh	2.0	230,000	3.9	28,500
		sub total Inferred		**980,000**	**2.6**	**80,200**
total	open pit	Fresh	0.4	850,000	2.5	67,700
		Oxide	0.4	70,000	0.9	2,200
		Transition	0.4	190,000	2.4	15,100
	underground	Fresh	2.0	280,000	3.7	33,700
		TOTAL		**1,400,000**	**2.6**	**118,700**

Table 1: *Koala summary reported by resource category and oxidation state. Please note rounding; tonnes (1,000t), grade (0.1 g/t) and contained gold (100 ounces).*

The Koala leases occur within the Drummond Basin (see figure below). Mineralisation in the Drummond Basin is typified by high sulphidation epithermal style precious metal Deposits. Examples include Pajingo (3.0 Moz), Wirralie (1.1 Moz), Yandan (0.6 Moz) and Koala. Mineralisation is typified by fine grained electrum in quartz veins and or breccias. These Deposits are variously interpreted to have formed in locally extensional jogs or bends of transform fault systems.

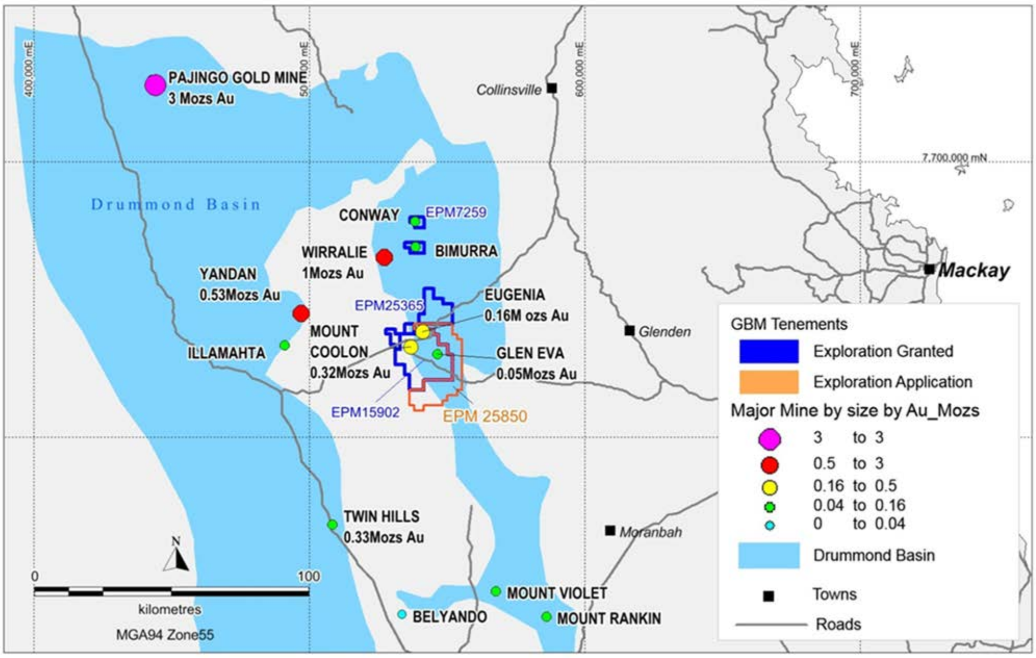

Figure 1: *Mt Coolon Gold Project tenement group location plan.*

Mt Coolon Gold Project Forward Programme

The Company will continue the evaluation of the known mineralising systems and aims to advance a number of near-term production options and activities during the September Quarter.

Current activities include:

- Finalising the Scoping Study - evaluating the viability of heap leaching gold extraction from the known oxide resources at the Eugenia Deposit.
- Investigating Toll Milling options for the Koala and Glen Eva gold resources.
- Drilling of the untested high – priority IP drill target adjacent to the Koala Lode system.
- Complete infill drilling and a resource estimate on the Bimurra Prospect. Previously GBM have estimated an exploration target (*Refer ASX announcement dated 21 September 2015).*
- Continue the evaluation of the Conway Prospect which contains multiple prospects and is considered to hold potential for both bonanza epithermal vein style deposits and bulk tonnage low grade disseminated deposits. The highest grade intersects occur within the Wobegong prospect and include 14 m @ 16.08 g/t Au from surface in CFS005 (including 1 m @ 208 g/t Au from 1 m), 2 m @ 26.6 g/t Au from 40 m in CON006 and 8 m @ 4.91 g/t Au from 26 m in C013. *(Refer ASX announcement dated 17 February 2016).*

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About GBM Resources

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.

The Company’s primary focus is in key commodities of gold and copper-gold, assets in Australia. GBM tenements cover an area greater than 4,300 square kilometres in eight major projects areas in Queensland and Victoria.

GBM is prioritising the exploration and development of the Mount Coolon Gold Project and Mount Morgan Gold Copper Project.

2016 Resource Estimate

The current Koala resource estimate is based on over 30,000 metres of drilling including 20,780 metres of diamond drilling completed by various companies. In addition, stope outlines and details of previous underground mining and open pit mining and grade control data have been used to guide interpretation and estimation.

Gold mineralisation at Koala occurs as high grade colloform quartz (+/– sulphide) veins surrounded by a halo of low grade gold mineralisation comprising quartz stringer vein stockworks in variably altered (propyllitic silica – pyrite) andesite. The high grade veins have been offset and compartmentalised by cross faults.

The gold mineralisation domain was interpreted from raw assays on 25 m spaced sections from gold grades and logged veining percentages. The interpretation was carried out at a nominal 0.2 g/t Au as the raw assay data showed no natural lower grade cut-off 0.2 g/t was selected as the nominal interpretation grade based on being sufficiently below likely open pit mining cut-off grades.

For inclusion in a gold domain, a minimum true width of 2 m above the nominal domain grade was necessary. In addition only mineralisation zones intercepted in at least two sections with at least two holes on both sections were included.

The gold domain was interpreted to honour grade control data from the Ross Mining pit (GC data was not used for grade interpolation) and also used the small scale mineralisation geometries apparent in the GC data as templates for interpretation of the exploration data.

Three gold sub-domains were interpreted. The main sub-domain comprises mineralisation hosted by the main Koala quartz vein and associated low grade halo. The splays sub-domain comprises mineralisation interpreted as being hosted by splayed from, or sub-parallel to, the main zone. The flat sub-domain comprises near flat lying, low grade mineralisation to the east of the main shaft. The flat domain is close to co-incident with the base of transition, however inspection of core from this zone shows that it is in situ quartz stringer stockwork mineralisation and not re-mobilised secondary mineralisation.

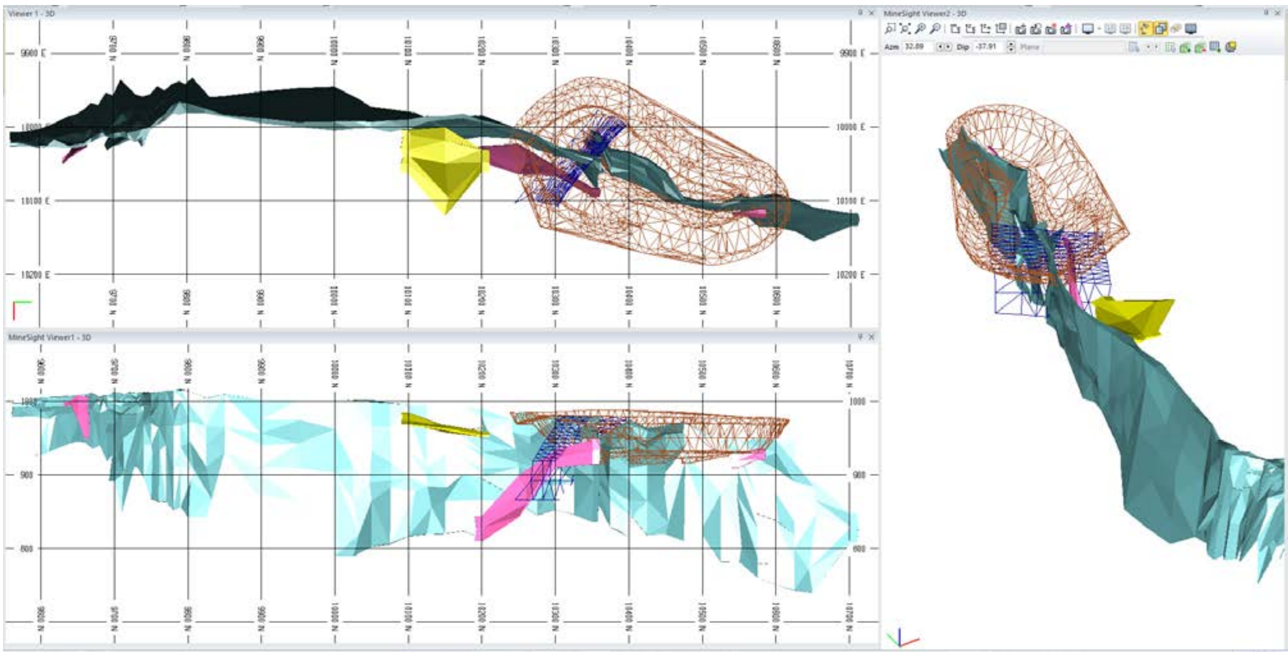

***Figure 2:**. Gold domains showing main (green), splays (pink) and flat (yellow) sub-domains, Sullivans Fault (dark blue wireframe) and Ross Mining pit (brown wireframe) for reference.Top Left; plan view, Bottom Left; longitudinal view, Right; oblique view along strike to the North.*

Three oxidation domains were created, the near surface oxide domain, the transition domain and the fresh domain.

The oxidation domains were created from surfaces based on logged oxidation1 (majority oxidation). Logged oxidation1 is a 'synthetic' logging field created by GBM geologists from the many and varied forms of oxidation logging in the historical drill logs.

Two oxidation surfaces were interpreted – the base of complete oxidation (BOX) at the highest occurrence of logged POX (partially oxidised) or FR (fresh) and the base of transition (Btrans) at the lowest occurrence of logged POX or FR. The oxide domain solid was created between from pre-mining surface (created from the current topographic surface with the Ross Mining Pit area assumed flat) and the BOX surface. The transition domain solid was created between Btrans surface and the lowest of the pre-mining and BOX surfaces. Similarly, the fresh domain was created between the base of the block model and the lowest of the pre-mining, BOX and Btrans surfaces.

Therefore the oxide domain comprises completely oxidised rocks, the transition domain partially oxidised or mixed oxide and fresh material. The fresh domain is un-weathered rocks in which the main sulphide mineral is pyrite. The depth of oxidation changes abruptly across the Sullivan Fault. To the north Btrans is at about 70m – 90m below surface, but south of the Sullivan Fault it is only about 10m depth below surface.

The statistical analysis and variography were completed using the Minesight Data Analyst (MSDA) module of the Minesight software package. A composite length of 1.0 m was selected as this requires the splitting of very few raw samples (25 or 1.6% of the raw samples; see Figure 6 1). An argument could have been made for compositing to 2.0 m as this is the likely mining selectivity, however it was considered that the loss of information on short range variability outweighed this. There are too few composites in the splay and flat sub-domains to allow meaningful analysis, therefore the sub-domains were grouped into a single domain for analysis. There are significant differences in the gold grade statistics between the oxidation domains. Visual inspection of gold composite grades near the oxidation domain boundaries revealed no dramatic grade gradient across the oxidation boundaries, therefore the oxidation boundaries were not used for variography or grade interpolation.

Gold was interpolated using ordinary kriging (OK) from the composited data into the block model item AUPPM at parent block scale. No pre-processing changes (such as top cutting) were applied to the data. AUPPM was only interpolated within the gold domain. The search neighbourhood was determined from the drill spacing and variogram range, allowing a block to 'see' across drill sections in the major axis direction. Extreme high grades were managed by restricting the influence of composites greater than 50 g/t were to 20m.

The minimum, maximum samples and block discretisation were determined by minimising the kriging variance in sparsely and closely drilled areas of test models.

- Search ellipsoid (100m x 25m x 50m)
- Minimum 4 composites
- Maximum 30 composites (limits negative kriging weights)
- Gold domain as hard boundaries
- Block discretisation of 2x4x2 (XYZ)

No additional de-clustering methods such as quadrant restriction or limiting the number of composites per hole was employed because the data is not obviously clustered.

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	3.0	5,100	230	3.9	28,500	280	3.7	33,700	2.0
	Total				**420**	**2.8**	**38,500**	**980**	**2.60**	**80,200**	**1,400**	**2.6**	**118,700**	
Eugenia	Oxide				1,445	0.9	43,300	252	1.2	9,700	1,698	1.0	53,000	0.4
	Sulphide				2,306	0.9	66,100	1,007	1.4	45,200	3,313	1.0	111,300	0.4
	Total				**3,751**	**0.9**	**109,400**	**1,260**	**1.4**	**54,900**	**5,011**	**1.0**	**164,300**	**0.4**
Glen Eva	Below pit.				132	7.8	33,200	21	5.9	4,000	154	7.5	37,200	3.0
Total					**4,303**	**1.3**	**181,100**	**2,261**	**1.9**	**139,100**	**6,565**	**1.5**	**320,200**	

Table 2: *Revised global resource table for Mt Coolan Gold Project. Please note rounding; tonnes (1,000t), grade (0.1g/t) and contained gold (100 ounces).*

Notes

The information in this report that relates to Mineral Resources is based on information compiled by Kerrin Allwood, who is a Member of The Australasian Institute of Mining and Metallurgy and The Australasian Institute of Geoscientists. Mr Allwood is a full time employee of Geomodeling Limited . Mr Allwood 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 Allwood consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Targets and Exploration Results 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 the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.

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 estimate with those announcements continue to apply and have not materially changed.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Important Note:

Drilling and exploration has been carried out at Koala over a 30 year period by a variety of companies using varied drilling, sampling and assaying methods. The comments below refer to a compilation of all data in which like drilling, sampling and assaying methods have been aggregated for reporting purposes unless noted otherwise. For more detail refer to the full technical report on this resource estimate.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Percussion (Aircore and Reverse Circulation (RC)) samples were collected as individual 1m samples through a cyclone. • Diamond core was only sampled over zones recognised as being potentially mineralised.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Drilling comprised diamond drilling (62.0% of metres), RC drilling (32.0% of metres) and Airtrack drilling (6.0% of metres) • Diamond core was recovered in a standard wireline core barrel with inner split or 'triple' tube. Samples were pushed out fromthe core barrel, with the top half split was split and the core placed in a core tray of suitable dimension. Samples were from HQ and NQ size barrels except for Renison Underground (UD) holes which were

Criteria	JORC Code explanation	Commentary
		drilled with BQ core size and the entire core sample sent for assay • Diamond core was oriented but this data is not currently available • RC drilling was mostly used a cross over hammer (31.4% of metres) with 0.6% of metres drilled using a face sample hammer
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• RC drilling recovery was not systematically recorded, however extremely poor recovery is noted in the drill logs • Larger diameter HQ and NQ size core was used to provide improved recovery for the majority of drilling and triple tube drilling was often employed to preserve core in a more coherent state for logging and also to improve recovery in very broken or clayey lithologies. • Diamond drill recovery was recorded run by run for the Drummond drilling only. This data averages 92.3% recovery. Visual inspection of core stored on site showed that core recovery was generally very high but reduced in fault zones. • The relationship between grade and drilling recovery was not investigated due to the insufficient drilling recovery data.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Percussion chips were logged for lithology, weathering, colour and veining • Diamond core was logged in detail for lithology, weathering, veining, alteration, structure, colour and basic geotechnical parameters (RQD) • The logging has been carried out to an appropriate level for resource estimation. The logging was checked against stored core for 23 holes. • No systematic core photography has been found • All drilling was logged geologically
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in*	• All diamond core samples (41.9% of samples) was cut with a diamond saw to 1.0 m or geological intervals and half sampled with the exception of 6 holes drilled form underground which were BQ and sampled as whole core. • Percussion drilling was sub-sampled using a Jones riffle splitter (47.7% of samples) or by a spear (10.4% of samples). The quality (moisture content and recovery) of percussion samples was not recorded. • Laboratory sample preparation for all samples followed the respective

Criteria	JORC Code explanation	Commentary
	situ material collected, including for instance results for field duplicate/second-half sampling. • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	laboratories standard methodologies for gold fire assays techniques. • Blanks samples were inserted by Drummond at a rate of one per 20 samples. The results of the Drummond blanks are acceptable. No blanks have been found for other drilling although there is reference to them in Renison and Ross Mining reports. • Standard samples were inserted by Drummond at a rate of one per 20 samples. The standards used by Drummond were appropriate to the style of mineralization at Koala. The results of the Drummond standards are acceptable. No results for standards have been found for other company drilling although there is reference to them in Renison and Ross Mining reports. • Only five field duplicate pairs have been found. This is too few data to assess the quality of field sampling. • 18 pulp duplicates performed well but this is a very limited dataset and so indicates but does not confirm acceptable quality laboratory performance. • No measures were taken to ensure the representivity of the samples. • A nomogram was used to determine that the sample sizes are appropriate to the very fine grained gold mineralization style.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Renison samples from RC precollars of MDDH001 to MDDH005 were submitted to Tetchem Laboratories, Cairns, for analysis of Au by 30gm fire assay plus AAS analysis of Ag, As, Cu, Pb, and Zn. Silver and base metals proved to be non-anomalous, and assays for these were discontinued. Precollars of MDDH006 to MDDH044 were assayed for gold only, also by Tetchem Laboratories and selected samples from the precollars of MDDH073 to MDDH089 were submitted to Classic Comlabs Townsville for 30gm FA gold assay. Diamond core samples from holes MDDH001 to MDDH072 were analysed by Tetchem Laboratories; MDDH001 to MDDH005 for Au, Ag, As, Cu, Pb and Zn; MDDH006 to MDDH022 for Au only; and MDDH023 to MDDH072 for Au only in country rock samples, for Au and Ag in lode samples. Both lode and country rock samples were prepared by jaw—crushing, lode samples were pulverised in "Supercrunch" mill to -120 mesh, splitting off 500 g, and fine pulverising in "Labtechnics" mill for 5 minutes. Country rock were pulverised in hammer mill to 40-60 mesh splitting off 500 g, and fine

Criteria	JORC Code explanation	Commentary
		pulverising in "Labtechnics" mill for 5 minutes. Samples from holes MDDH072 onwards were analysed by Classic Comlabs, for Au only in country rock and for Au and Ag inlodes Sample preparation was the same for each, using hammer mill then "Labtechnics" mixer mill (whole sample down to 150 mesh). • Ross initially sent samples to Analabs, Townsville for testing using the 50 gram fire assay method (GG313, Detection limit • ppm Au), later in the program aqua regia AAS method (GG335 Detection Limit 0.01 ppm Au) was used as the standard method. Pulp check samples were sent to Yandan mine. All tailings sample preparation and assaying was performed by Analabs, Townsville. Subsamples were pulverized and assayed with a standard 50 g fire assay with an AAS finish (GG313, Detection limit 0.001 ppm Au). • All Drummond samples were sent to ALS, Townsville for assaying with 30g fire assay with AAS finish (Au-AA25) and 34 elements by ME-ICP (ME-ICP41s). The entire Drummond sample was crushed (>70 % to <6 mm) then pulverised before being riffle split. • All methods are considered acceptable industry standard for gold assays and follow a similar assay method. In the fire assay method, a prepared sample is fused and then cupelled to yield a precious metal bead. The bead is digested in 0.5 mL dilute nitric acid and 0.5 mL concentrated hydrochloric acid. The digested solution is cooled, diluted to a total volume of 10 mL with de-mineralized water, and analysed by atomic absorption spectroscopy against matrix-matched standards. The technique is total. • Other than for the Drummond data, very few QAQC data have been found. The Drummond QAQC data indicates that the Drummond data is of acceptable quality for use in resource estimation with no evidence for bias or unacceptable precision. Whilst there are many references in reports to acceptable QAQC results for drilling from companies other than Drummond, this cannot be demonstrated with data. This drilling comprises the vast majority of the data used in this resource estimate. The pre-Drummond data formed the basis of the resource estimate used for the Ross Mining open pit. This resource reconciled well to both grade control data and reconciled plant data for grade.

Criteria	JORC Code explanation	Commentary
		The available QAQC data is insufficient to demonstrate the quality of the data used in this resource estimate but neither does it provide any evidence for bias or imprecision in the data. • No handheld tools were used with all assays performed at external laboratories
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• 23 selected mineralized intercepts were inspected at the site core storage facility by GML and GBM staff • No verification samples (including twinned holes) have been taken • Digital data was checked against original drill logs and assay certificates for 94% of the data and no significant errors were found. • The raw assay data has been used with no adjustments. The first assay result was used for intervals with more than one assays result.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Hole collar locations were determined total station survey instruments for Renison and Ross drilling and by DGPS for Drummond Gold drilling. • Downhole drill surveys were carried out for both RC and diamond drilling. The average interval between surveys was 39 m. 5.6% of surveys were digital with the remainder analogue, mostly Eastman camera shots • All work was carried out in the Koala local mine grid. Original survey data is in one of Koala Mine grid, MGA94 and AMG84. The data in MGA94 and AMG84 was converted to Koala Mine Grid using a grid conversion in MapInfo developed from 4 known points. • The topographic surface was triangulated from mine survey data collected at the time of mine closure in 1997. The resultant surface is of sufficient quality for resource estimation • Underground voids resulting from historical mining were wireframed from digitized level plans, a digitized long section of stopes, a 3D wireframe of the Renison decline and surface survey traverse of stopes open to the surface. The volume of the resultant wireframes was checked against the recorded tonnes treated. As the historical stopes were not surveyed this wireframe likely has some minor errors. These errors cannot be resolved and have been taken into consideration in resource classification.
Data spacing	• *Data spacing for reporting of Exploration Results.*	• Drilling has been carried out on 25m spaced sections with holes

Criteria	JORC Code explanation	Commentary
and distribution	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	intercepting mineralization about 25 m down dip. Holes were drilled across strike of the main north striking mineralized zone towards both the east and west. The drill holes generally intersected mineralization at 60º or greater. • The spacing and orientation of the sampling is appropriate to establish the grade and geological continuity as established by variography. • The samples were not composited prior to submission to the laboratory
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The spacing and orientation of the sampling is generally appropriate to the main mineralized zone, however there are known (from grade control data) mineralized cross faults which have a similar orientation to the drill sections. The current drilling configuration does not adequately define these cross structures and so the resource estimate is likely to under-estimate the number, volume (tonnage) and grade of these mineralized cross structures. • It is possible that the sampling is biased by not intersecting possible high grade cross structures. This has not been tested because too few cross structures have been definitively identified.
Sample security	• *The measures taken to ensure sample security.*	• The measures taken to ensure sample security (if any) were not recorded. • Core, coarse chip rejects and pulps from previous exploration are stored on site in a lock container.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits of either the data or the methods used in this resource estimate have been undertaken.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental*	• The Koala resource is located within ML1029 which along with ML1085 and ML1086 form a contiguous group of leases that form the Koala project and are 100% owned by GBM Resources Ltd. ML1029 expires on 31/1/24

Criteria	JORC Code explanation	Commentary
	settings. • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• GML is not aware of any material issues with third parties which may impede current or future operations at Koala. GBM would need to obtain certain permits before a mining operation could proceed at Koala
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• In 1913 gold was discovered at MT Coolon (Koala gold mine) by a boundary rider, from 1913 until 1931 gold was mined from small shallow leases and shallow shafts, from 1931 -139 Gold Mines of Australia (GMA) consolidated and mined the whole field. Historic underground mining from discovery in 1914 to 1938 produced approximately 180,000 ounces of gold at an average grade of 18.4g/t Au. • No activity was taken from 1939 to 1974 Saracen Minerals (~1974) • Saracen Minerals explored for porphyry-style base metals in an area from Koala Mine to east of Bungobine Homestead during 1974. Work involved collection of 115 rock chip samples and geological traverses. The two main prospects were at Bungobine Yards and around Mt Coolon/Koala Mine. Due to poor results, the tenement was relinquished. • Renison Goldfields LTD/Gold Feilds Exploration (1986 – 1989) Carried out mapping, colour aerial photography, airborne magnetic and radiometric survey, ground magnetics, produced a feasibility study, a review of old GMA data and plans from 1939, rock chip sampling of the reef at surface, and drilling; 78 percussion Drill holes, 99 Reverse circulation collars with Diamond Drill holes tails to test and delineate remnant resources, the western reef and Hectorina deposit. Renison commenced a decline but terminated mining due to intersecting a major fault. • ACM Gold Limited/Wirralie Gold Mines (1989 - 1992) carried out exploration on the Tower prospect and at Mt Koala. Producing a resource estimate and feasibility study for open pit mining. Work included evaluating Renison's previous work, photo and lineament analysis, rock chip sampling, and drilling; 45 RAB scout holes testing surface mineralisation, 291 soil auger holes and 1 RC hole. • Ross Mining (1992 - 2000) carried out regional and detailed

Criteria	JORC Code explanation	Commentary
		mapping, produced a new resource estimate, soil sampling, metallurgy testing, a gradient array Resistivity survey, IP surveys, CSMAT survey, Petrology, drilling; RC collars with Diamond tails (6 holes), 39 RC, 103 diamond holes and 157 RAB holes. Ross carried out mining of the northern end of the ML an area that Renison had planned to mine from underground and is known as the Koala Pit. Ross Mining produced 53,000 ounces gold at an average grade of 5.6g/t Au. • Normandy Mining (2000 - 2002) carried out work re-modelling the whole deposit, a heli-borne EM survey and drilling distal to the main Koala resource. • MCGM/Drummond Gold (2006 -2014) carried out a revaluation and synthesis of all previous work which included a verification and validation of previous work and data, mapping, HyVista imagery, reinterpretation of previous geophysics data sets, and drilled; 17 RC holes, 9 RC pre collar with diamond tail holes and 4 Diamond holes • GBM acquired the project from Drummond Gold in 2015. • All drilling, sampling, surveying and assaying that forms the basis of this resource estimate was carried out by these other parties.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Auriferous epithermal veining at Koala is hosted in a thick package of shallow dipping volcanic flow sheets, which are part of the regional Cycle 1 Volcanic sequence (Silver Hills Volcanics). The lode lies approximately 500m west of a major granodiorite intrusion outcrop and is preferentially hosted by porphyritic andesite. The gold mineralisation occurs as a narrow, steeply dipping high grade colloform quartz vein a wider lower grade, veinlet stockwork and is locally disrupted by faulting. The main vein has been defined by drilling over a strike length of about 1200 m and down dip about 200 m. The main vein is offset by steeply dipping, west-northwest striking cross faults with high grade zones formed at the intersection of the cross faults and the main vein. The main vein changes dip direction along strike. In the south it dips steeply to the west, whereas in the north it dips steeply to the east. The main vein splits into a series of splay veins at the southern end. The up-dip extent of the main vein appears to be limited by a rhyolitic unit

Criteria	JORC Code explanation	Commentary
		which results in a gentle north plunge. The main vein thins and weakens with depth. A number of alteration styles are evident including silica-sericite- pyrite+K-Feldspar associated with gold mineralisation.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not applicable –individual drill intercepts would not have a material effect on the resource estimate reported on here.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable – exploration results are not reported
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable – exploration results are not reported
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of*	• Not applicable – exploration results are not reported

Criteria	JORC Code explanation	Commentary
	drill hole collar locations and appropriate sectional views.	
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable – exploration results are not reported
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Not applicable – exploration results are not reported
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further drilling is planned to test for additional high grade cross structures and to better define shape of historically mined stopes and associated low grade stockwork remnants.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Downhole data was collated by Drummond Gold and validated by GBM from a mixture of hardcopy and digital logging. Responsibility for the data resides with GBM • GML performed further checks of drill collar locations against the topographic surface, extreme assay values and geologically • On import into mine planning software automated checks were performed for sample overlaps, gaps, out of range values • All flagged suspect data was investigated and either corrected, or else omitted if it could not be satisfactorily resolved
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Kerrin Allwood completed a site visit from 19 to 22 May, 2016. During this time checks were made of collar locations, outcrop geology and core logging as well as the general site layout and possible site specific impediments to development. No issues were identified.

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Geological interpretatio n	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• The confidence in the interpretation of the geology is in part reflected in the resource classification. The mineralized veins and associated stockworks are readily identified visually and so logging should be very reliable. • The geological interpretation of the gold domain is largely based on gold assay data and logged veining. • There are locally possible alternative interpretations of the main vein, especially relating to whether the main vein 'bends' or is offset by a cross fault • The geological model which forms the basis for the resource estimate is informed by closely spaced (5m by 5m) grade control drilling in the Ross Mining pit. The geological features defined by the grade control data were used as a 'template' for interpreting the mineralization as defined by resource drilling in the un-mined parts of the deposit.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The mineral resource extends approximately 1200 m along strike, 200 m down dip and varies in width from 2 m to 10 m. mineralization is continuous but does vary in width and location with common left stepping lateral jogs or offsets.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.*	• The grade estimation involved the interpolation of gold grades composited to 1.0 m length by ordinary kriging into a block model A gold domain interpreted at a nominal 0.2 g/t Au was used as a 'hard' boundary for data selection. A minimum of 4 and a maximum of 30 composites were used from within oriented search ellipses of 100 m by 25 m by 50 m for interpolation. No other method of de-clustering the data was used. • Gold composites greater than 50 g/t Au were restricted to 20 m. This allowed the natural grade distribution to be honoured but also limited the influence of extreme values which did not show continuity. • The block model has parent blocks 2 m (X) by 20m (Y) by 5m (Z) compared to the data spacing of typically 25 m by 25m by 1 m. The search neighbourhood extends st least three drill sections along strike. The block model was sub-blocked to a minimum 0.5 m (X) by 5m (Y) by 2.5m (Z) honouring oxidation and gold domains and also honoring topography and historical mining voids wireframes. • The gold grade domain was interpreted at a nominal 0.2 g/t with a minimum width of 2.0 m and a maximum internal dilution of 2.0 m.

Criteria	JORC Code explanation	Commentary
	• *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• The grade interpolation was checked against nearest neighbor and inverse distance squared interpolators. • No by-product was assumed. Although silver it may be possible to economically produce silver, there is insufficient silver data for meaningful grade estimation • There are no known deleterious elements for the envisaged processing methods. • Pyrite is common in fresh waste rock and will likely cause acid rock drainage should mining proceed. There is insufficient sulphur data for meaningful grade estimation and hence calculation of possible acid generation. • The block model was constructed assuming mining would be a combination of open pit and underground mining to a minimum 2.0m mining width. • The resultant block model was validated visually against drill assays, statistically against de-clustered composite grades and as histograms and by the use of swath plots
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• All tonnages are on a dry basis, consistent with the assay method.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• The reporting cutoffs reflect preliminary assessments of possible processing, transport and open pit mining cosst above 880RL and underground mining below 880RL. Processing options assessed included open pit heap leach, open pit and underground CIL and transport of open pit and underground ore to a third party CIL plant
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• The block model was constructed assuming mining would be a combination of open pit and underground mining to a minimum 2.0m mining width.
Metallurgical factors or	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of*	• It is assumed that an economic process to recover gold will be possible

Criteria	JORC Code explanation	Commentary
assumptions	*determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• Historical mining in 1996/97 yielded high (~90%) metallurgical recoveries through a conventional CIL plant from oxide and fresh ore, indicating that CIL is a (technically) viable processing option. • Limited testwork suggests that heap leaching may be possible for oxide and transition mineralization with recoveries above 80%. This work is only preliminary and further testwork is necessary to determine leach kinetics, recovery from fresh mineralization and variability.
Environmen-tal factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• It has been assumed that, while there may be some environmental impacts it will be possible to technically and economically mitigate these effects. Such impacts may include (but not limited to) acid mine drainage from waste dumps, dust, noise, surface hydrology, sub-surface hydrology, sediment runoff, flora and fauna impacts
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Bulk density was assigned from assumed proportions of minerals and porosity by mineralization / waste and by oxidation domain. There are too few bulk density data to allow interpolation or even averaging of data for assignment. • The lack of bulk density data was taken into account during resource classification
Classificatio n	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• None of the resource has been classified as measured due to limited density data, incomplete description of drilling and sampling methods for all drilling and very limited assay QAQC data. • The resource was classified as either indicated or inferred. Indicated material was classified from a wireframe enclosing continuous zones of unambiguous geological interpretation, more than 5 m away from historically mined stopes and where distance to the nearest composite is less than 20 m.

Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• This mineral resource estimate has not been audited or reviewed because this project is at an early stage. It is anticipated that an audit will be completed before a decision is made to proceed to construction.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• The resource classification signifies the confidence in this resource estimate. • The global resource estimate is likely to be within +/- 20% at cutoff grades below 1.0 g/t Au. As the cutoff grade increases so will the uncertainty in the global grade estimate. • Local (parent block) grade estimates will be significantly less accurate than the global estimate.