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ASX Release

6 March 2017

Positive Metallurgical Results for the Koala Deposit, Mt Coolon Gold Project

- **The first metallurgical test work of Mount Coolon Gold Project has returned excellent gold recovery results**
- **Total Carbon in Pulp gold recoveries of up to 93% from samples of mineralised material representative of the central Koala Gold Mine area.**

Australian Resources company **GBM Resources Limited** (ASX: **GBZ**) ("**GBM**" or "**the Company**") is pleased to update shareholders on initial positive metallurgical test results undertaken at the Mount Coolon Gold Project, located in the Drummond Basin, Queensland.

Results from testwork completed show likely recoveries of up to 93% from treatment through a conventional CIP (Carbon In Pulp) treatment plant. The composite had a head grade of 4.9 g/t Au which is similar to the average resource grade of this section of the deposit.

Testwork was conducted at four grind sizes, namely, 75 microns, 55 microns, 45 microns and 38 microns. Gold recoveries for CIL tests increased from 88% at the coarser 75 microns to 93% at 38 microns. Both Kinetic leach tests and CIL tests were conducted with similar results.

Executive Chairman, Peter Thompson commented:

"These positive metallurgical results represent another milestone in progressing the Koala deposit toward production as they confirm high recoveries are possible with grind sizes similar to those being employed at nearby operations, which may provide treatment options, or for a stand-alone GBM treatment plant at Mount Coolon."

ASX Code: **GBZ**

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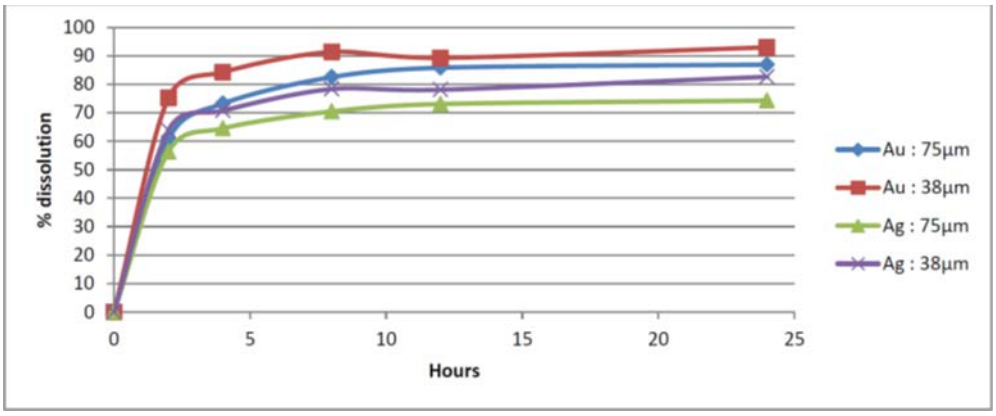

Figure1: The graph above shows the leach kinetics for gold and silver at 75 and 38µm.

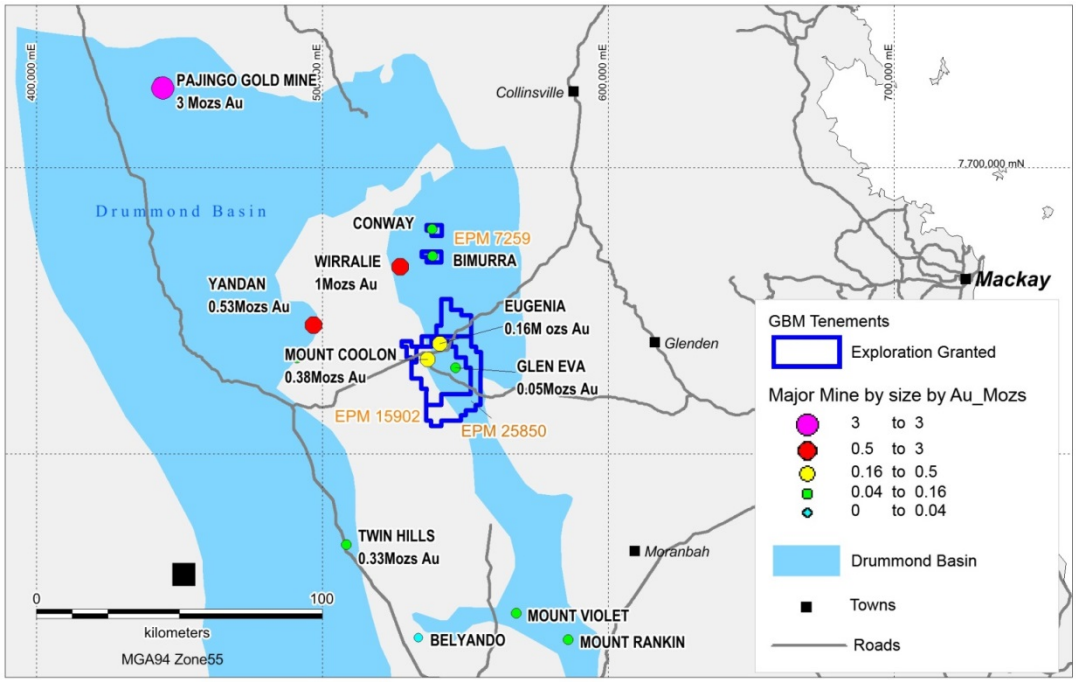

Figure 2: ***Mt Coolon Project tenement group and prospect location plan***

For Further information please visit our website at www.gbmr.com.au or contact:

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Metallurgical Testing - Further Details

The composite sample comprised material from 19 intervals of core and coarse rejects from assay samples from several drillholes completed during the Phase 1 drilling programme on the central Koala area. The samples contained mineralised, silicified and altered andesite host, vein quartz and breccia material that is considered representative of the primary mineralisation in this part of the deposit. A full list of intervals received and the intervals used in the Master composite is shown in table 2 at the end of this release.

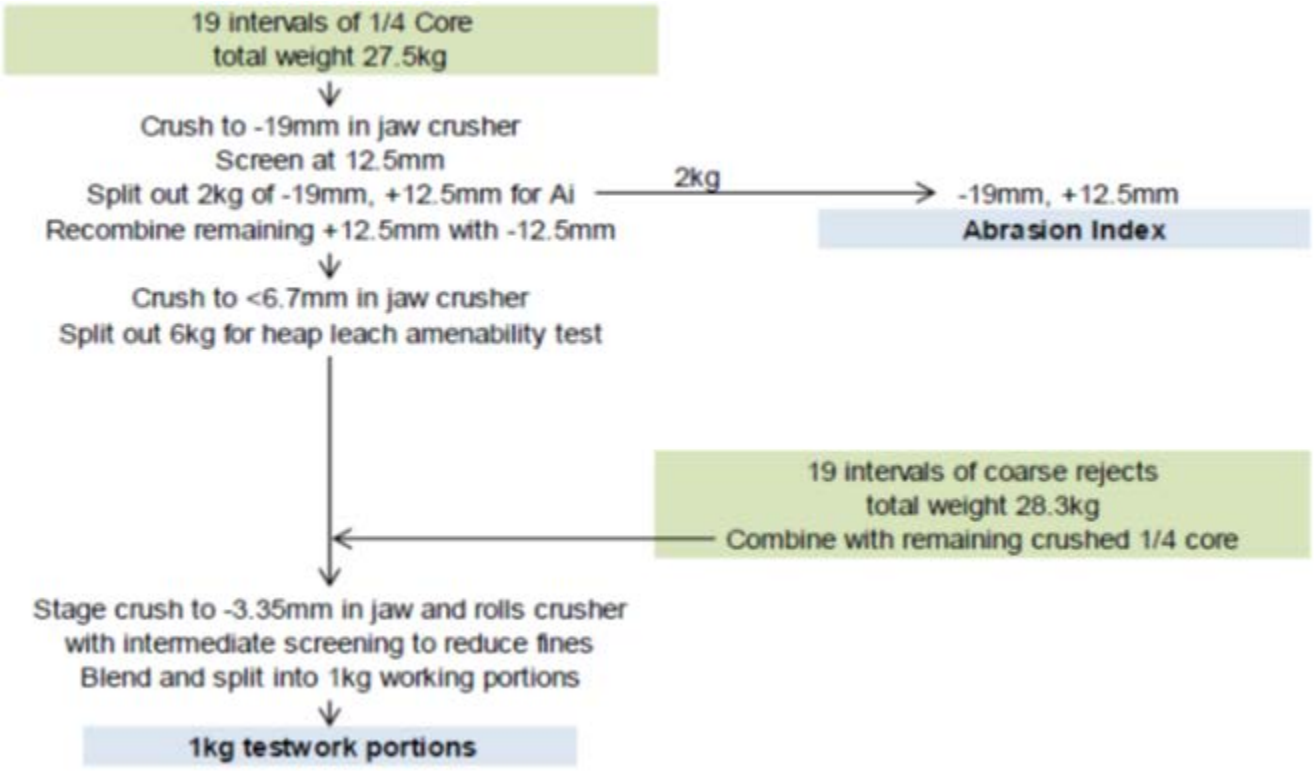

Figure 3; Flow chart for the sample preparation procedure for the Master Composite. The ¼ core samples were used to split out a sample for the Abrasion Index test and the heap leach amenability testwork before being combined with the coarse reject intervals to make up the Master Composite for the remaining testwork.

The intervals for the Heap Leach Oxide composite were all combined and crushed to -3.35mm, blended and split into 1kg working portions. The intervals for the High Grade composite were combined and crushed to -3.35mm, blended and split into 500g working portions.

Cyanide leach tests were conducted on the Master Composite at 75 and 38µm with timed liquor sampling to show kinetics. CIL tests were also conducted on the Master Composite at 75, 55, 45 and 38µm to show the effect of grind size on gold and silver dissolution. All tests were conducted over 24 hours with 0.1% initial NaCN concentration. The CIL tests all had 15g activated carbon.

The results from these tests are summarised below.

Grind Size		P80 = 75um		P80 = 55um	P80 = 45um	P80 = 38um	
Leach type		Kinetic	CIL	CIL	CIL	Kinetic	CIL
Test No.		L1	L3	L4	L5	L2	L6
Gold	Dissolution %	86.9	87.8	90.5	92.3	93	92.9
	Residue g/t	0.61	0.58	0.44	0.37	0.33	0.34
	Calculated Head g/t	4.66	4.7	4.63	4.76	4.63	4.71
Silver	Dissolution %	74.3	79	79.6	83.4	82.6	78.5
	Residue ppm	0.8	0.6	0.7	0.5	0.5	0.8
	Calculated Head ppm	3.1	2.9	3.4	3	2.9	3.7
NaCN consumption kg/t		1.07	0.56	0.52	0.55	1.03	0.99

Table 1: Summary of Master composite leach tests conducted on Koala sample material.

An Abrasion Index test was conducted on a composite of the core intervals that formed part of the Master Composite and a Bond Ball Mill Work Index test was conducted on the full Master Composite. A closing screen of 106µm was used for the BWi aiming for a product P80 of 75µm and the results were:

Bond Abrasion Index Ai: 0.6100, indicating a highly abrasive material, consistent with the siliceous nature of the mineralised rock.

Bond Ball Mill Work Index: 22.3 kilowatt hours/dry tonne with a feed P80 of 2651µm and a product P80 of 78µm.

Results.

Results from testwork completed to evaluate the likely gold recovery from resources in the Central Koala area show recoveries of up to 93% from treatment through a conventional CIP (Carbon In Pulp) treatment plant. The composite had a head grade of 4.9 g/t Au which is similar to the average resource grade of this section of the deposit.

The similarity in gold recovery between tests with and without carbon suggest that preg robbing is not an issue for gold.

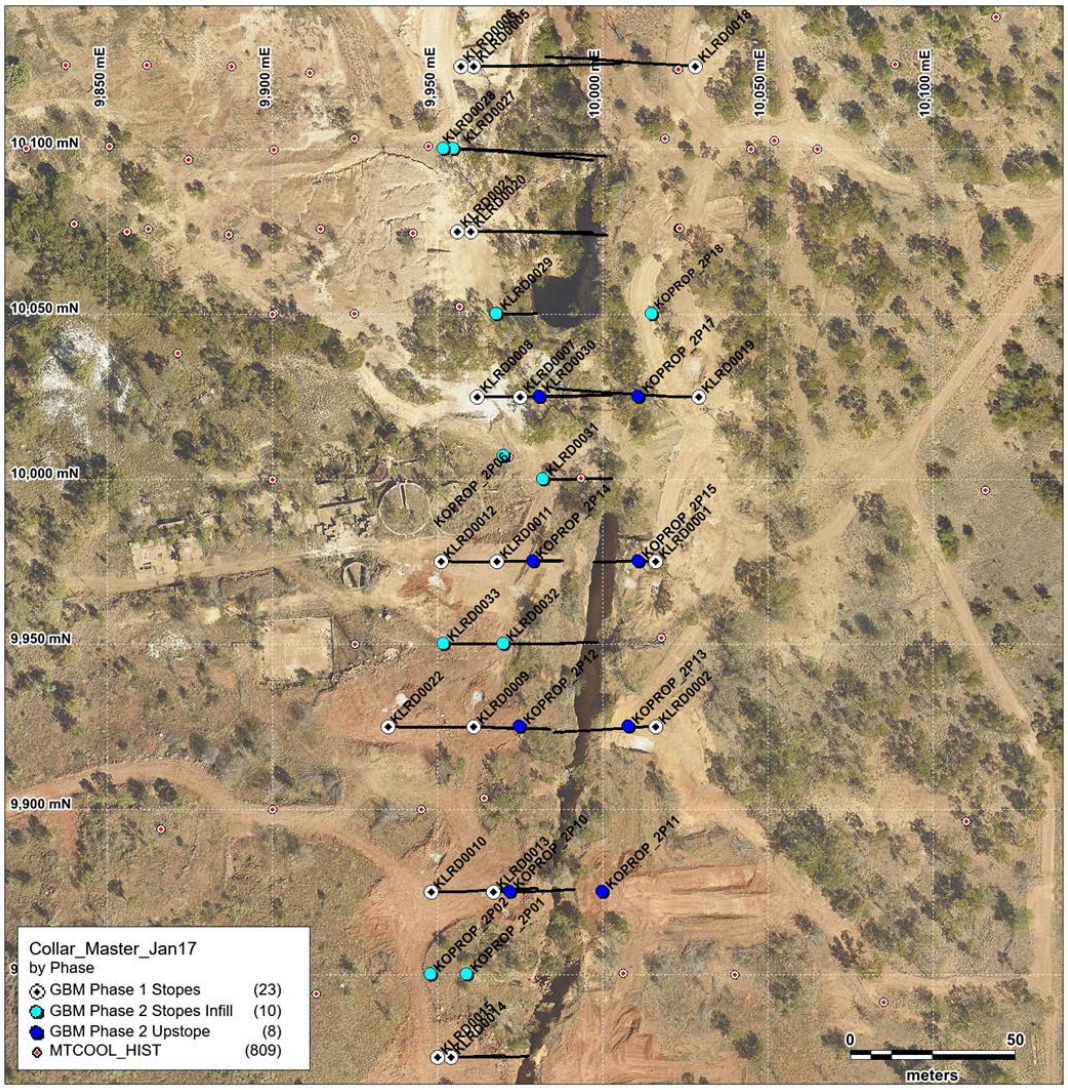

Figure 4: Koala Central area drill hole plan showing drill hole locations for Phase 1 drillholes and planned Phase 2 drillholes including shallow ('upstope') holes. Underlying high resolution image is from 2016 LIDAR survey. Grid is a local non-earth grid.

Master Composite							
Hole ID	Sample ID	Meterage From	To	Zone Type	Lithology kg	Sample	Rec'd Wt
KLRD0005	KRD00254-M2	44.7	46	Fr	Si-altd andesite	Qtr Core	2.43
KLRD0007	KRD00376-M2	25	26	Tr-Fr	Si BX	Qtr Core	2.05
KLRD0007	KRD00377-M2	26	27	Tr-Fr	Qtz Vn	Qtr Core	2.42
KLRD0012	KRD00561-M2	64	64.8	Fr	Si-altd andesite	Qtr Core	1.37
KLRD0012	KRD00562-M2	64.8	65.3	Fr	Qtz Vn	Qtr Core	0.77
KLRD0012	KRD00567-M2	67.4	68.5	Tr	Qtz Vn	Qtr Core	1.82
KLRD0012	KRD00573-M2	73	74	Tr-Fr	Qtz Vn	Qtr Core	1.34
KLRD0012	KRD00580-M2	76.6	77.1	Fr	Qtz Vn	Qtr Core	1.03
KLRD0012	KRD00581-M2	77.1	78	Fr	Si-altd andesite	Qtr Core	1.7
KLRD0012	KRD00582-M2	78	79	Fr	Si-altd andesite	Qtr Core	1.96
KLRD0014	KRD00661-M2	30	30.6	Fr	Si-altd andesite	Qtr Core	0.76
KLRD0014	KRD00662-M2	30.6	31.3	Tr	Qtz Vn	Qtr Core	0.96
KLRD0014	KRD00665-M2	33	34	Fr	Si-altd andesite	Qtr Core	1.66
KLRD0018	KRD00818-M2	63	64	Fr	Si-altd andesite	Qtr Core	1.9
KLRD0018	KRD00819-M2	64	65.2	Fr	Si-altd andesite	Qtr Core	2.18
KLRD0018	KRD00828-M2	69.2	70.1	Tr-Fr	Qtz Vn	Qtr Core	1.16
KLRD0018	KRD00829-M2	70.1	70.7	Tr-Fr	Qtz Vn	Qtr Core	0.3
KLRD0018	KRD00831-M2	73.7	74.3	Tr-Fr	Si-altd andesite	Qtr Core	0.46
KLRD0018	KRD00832-M2	74.3	75	Tr-Fr	Si-altd andesite	Qtr Core	1.24
KLRD0005	KRD00254-M3	44.7	46	Fr	Si-altd andesite	Coarse Rejects	2.48
KLRD0007	KRD00376-M3	25	26	Tr-Fr	Si BX	Coarse Rejects	1.95
KLRD0007	KRD00377-M3	26	27	Tr-Fr	Qtz Vn	Coarse Rejects	1.92
KLRD0012	KRD00561-M3	64	64.8	Fr	Si-altd andesite	Coarse Rejects	1.4
KLRD0012	KRD00562-M3	64.8	65.3	Fr	Qtz Vn	Coarse Rejects	1.08
KLRD0012	KRD00567-M3	67.4	68.5	Tr	Qtz Vn	Coarse Rejects	2.07
KLRD0012	KRD00573-M3	73	74	Tr-Fr	Qtz Vn	Coarse Rejects	1.77
KLRD0012	KRD00580-M3	76.6	77.1	Fr	Qtz Vn	Coarse Rejects	0.99
KLRD0012	KRD00581-M3	77.1	78	Fr	Si-altd andesite	Coarse Rejects	2.14
KLRD0012	KRD00582-M3	78	79	Fr	Si-altd andesite	Coarse Rejects	1.96
KLRD0014	KRD00661-M3	30	30.6	Fr	Si-altd andesite	Coarse Rejects	1.01
KLRD0014	KRD00662-M3	30.6	31.3	Tr	Qtz Vn	Coarse Rejects	0.99
KLRD0014	KRD00665-M3	33	34	Fr	Si-altd andesite	Coarse Rejects	1.72
KLRD0018	KRD00818-M3	63	64	Fr	Si-altd andesite	Coarse Rejects	1.56
KLRD0018	KRD00819-M3	64	65.2	Fr	Si-altd andesite	Coarse Rejects	2.03
KLRD0018	KRD00828-M3	69.2	70.1	Tr-Fr	Qtz Vn	Coarse Rejects	1.08
KLRD0018	KRD00829-M3	70.1	70.7	Tr-Fr	Qtz Vn	Coarse Rejects	0.32
KLRD0018	KRD00831-M3	73.7	74.3	Tr-Fr	Si-altd andesite	Coarse Rejects	0.54
KLRD0018	KRD00832-M3	74.3	75	Tr-Fr	Si-altd andesite	Coarse Rejects	1.29
						Total Weight	55.81

Table 2: Sample details for Master Composite metallurgical sample

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 Queensland and Victoria.

The Company's primary focus is in key commodities of gold and copper-gold, assets in Australia. GBM tenements cover an area greater than 3,200 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.

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	5,100	230	3.9	28,500	280	3.7	33,700	2.0
	Tailings	114	1.6	6,200	9	1.6	400				124	1.6	6,600	1
	Total	**114**	**1.7**	**6,200**	**429**	**2.8**	**39,000**	**980**	**2.5**	**80,200**	**1,514**	**2.6**	**125,300**	
Eugenia	Oxide				1,305	0.9	39,300	219	0.7	5,100	1,524	0.9	44,400	0.4
	Sulphide				2,127	0.9	62,300	1,195	1.2	45,500	3,322	1.0	107,800	0.4
	Total				**3,432**	**0.9**	**101,600**	**1,414**	**1.1**	**50,600**	**4,846**	**1.0**	**152,200**	**0.4**
Glen Eva	Below pit.				132	7.8	33,200	21	5.9	4,000	154	7.5	37,200	3.0
Total		**114**	**1.7**	**6,200**	**3,998**	**1.4**	**173,800**	**2,415**	**1.7**	**134,800**	**6,514**	**1.5**	**314,700**	

Current global resource table for Mt Coolon Gold Project. Please note rounding; tonnes (1,000t), grade (0.1g/t) and contained gold (100 ounces). (Refer ASX announcement 23 August 2016).

Notes

The information in this report that relates to Mineral Resources, 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.