

13 November 2019

PROGRESS ON GBM ACQUIRING 100% INTEREST IN MILLSTREAM RESOURCES PTY LTD

GBM Resources Limited (ASX: **GBZ**) (“**GBM**” or “**the Company**”) is pleased to announce that it has received share placement application forms totalling \$985,000 for which funds received to date total approximately \$785,000 from professional and sophisticated investors.

The success to date of the capital raising has satisfied a key Condition Precedent in which Stibium Mining Pty Ltd (**Stibium**) was required to facilitate a capital raising of at least \$700,000 at 0.3 cents per fully paid share in the Company.**

The Company signed a Heads of Agreement with Stibium to acquire its subsidiary Millstream Resources Pty Ltd (Millstream) for consideration of 150 million fully paid shares (**Shares**) in the capital of GBM Resources Ltd. (refer ASX announcement 16 October 2019).

Millstream Resources Pty Ltd can initially earn a 50% interest in the White Dam Gold Project as part of an unincorporated joint venture (**Joint Venture**).

The Company believes that the successful formation of the Joint Venture has the potential to provide GBM with the opportunity to generate cash while assessing opportunities to restart mining operations to exploit remnant open pit mineralisation, other previously defined mineralised zones at White Dam and explore other associated tenements.

The acquisition of Millstream has the potential to support the Company’s working capital requirements and ongoing development of the Mt Coolon Gold Project.

***This condition Precedent has now been satisfied, and the issue of shares is subject to GBM shareholder approval for the refresh of placement capacity at the annual general meeting on 25 November 2019.*

ASX Code: GBZ

COMPANY DIRECTORS

Peter Thompson
Managing Director/ Executive
Chairman

Sunny Loh
Non- Executive Deputy Chairman

Neil Norris
Exploration Director – Executive

Peter Mullens
Non –Executive Director

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Status of Conditions Precedent of the Heads of Agreement

GBM will acquire Millstream from Stibium subject to the satisfaction of the key terms set out below.

1. **(Conditions Precedent):** the acquisition of Millstream is conditional upon the satisfaction or waiver by GBM of the following:

- a) GBM obtaining all required third party, regulatory and governmental approvals and consents to give effect to the Acquisition including any necessary shareholder approvals required by the *Corporations Act 2001 (Cth)* and the ASX Listing Rules (and any other applicable law or regulations).

GBM shareholders will be required to approve the issue of 150 million shares to Stibium to acquire Millstream at the Company's annual general meeting on 25 November 2019.

- b) Stibium and/or related parties completing a capital raising of at least \$700,000 and up to \$1,500,000 in GBM at 0.3 cents per share.

This condition Precedent has now been satisfied, and the issue of shares is subject to GBM shareholder approval for the refresh of placement capacity at the annual general meeting on 25 November 2019.

- c) Millstream entering into a binding Joint Venture agreement with Round Oak Minerals Pty Ltd.

Execution of the Joint Venture Agreement remains on track to be completed prior to the annual general meeting.

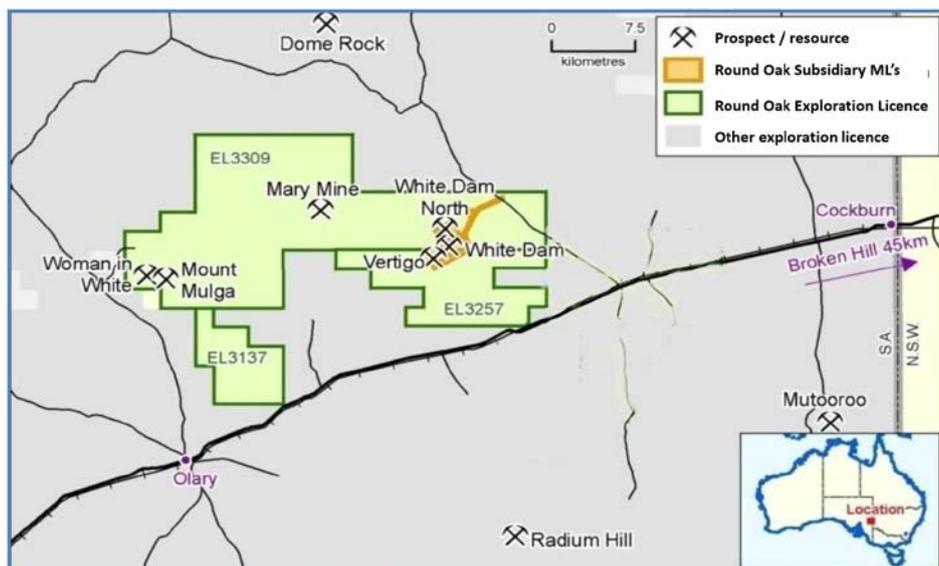
Items 1(a), 1(b) and 1(c) are for the benefit of GBM and may only be waived by GBM.

The White Dam Gold Leaching Project and development strategy

The White Dam Gold Operation is located in South Australia, approximately 100 km south-west of Broken Hill. It is currently owned by Round Oak.

The White Dam Gold Operation is a heap leach project and since, 2010 produced approximately 170,000 oz gold from heap leaching of 7 Mt of ore which has been mined from two open pits. Available reconciliation of mining against resource estimates is good and indicates that a significant tonnage of mineralised material remains to be mined from both the Hannaford and Vertigo open pits.

While further work is required to confirm and quantify in detail, this does appear to represent an opportunity to extend the mine life of the project. It is worth noting the current gold price of around AUD\$2,150/oz versus a price of AUD\$1,650/oz at the time of the most recent mining in 2016/17.



Location map of the White Dam Gold Operation



Existing Gold Recovery Plant

The White Dam Gold Operation includes the open pit mines, dump / heap leach, the gold extraction plant and related infrastructure.

In summary the potential joint venture gives the opportunity for the Company to:

- Improve gold recovery at the White Dam Gold Project with the SART Plant to be commissioned in 2020.
- Brings an experienced operational team.
- Provides the basis of an attractively priced acquisition.
- The gold recovery plant has the ability to be relocated to the Mt Coolon Eugenia Heap Leaching Project to support its possible development, should GBM exercise its option to acquire 100% of the project.
- Provides significant potential exploration upside from extension of existing pits and exploration of identified structural and geochemical targets for new gold discoveries.

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