

10 December 2019

## **PROGRESS UPDATE 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 now received share placement application funds totalling \$1,085,000 from professional and sophisticated investors.

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**) (on a pre-consolidation basis) 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 acquisition of Millstream has the potential to support the Company’s working capital requirements and ongoing development of the Mt Coolon Gold Project.

### **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 approved the issue of 150 million shares (on a pre-consolidation basis) 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 (on a pre-consolidation basis).

***This condition Precedent has now been satisfied, and the issue of shares was approved by GBM shareholders at the annual general meeting on 25 November 2019.***

ASX Code: GBZ

#### COMPANY DIRECTORS

**Peter Mullens**  
Executive Chairman

**Peter Rohner**  
Managing Director

**Peter Thompson**  
Executive Director

**Sunny Loh**  
Non- Executive Deputy Chairman

**Neil Norris**  
Executive Director

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

***The Joint Venture Agreement is expected to be executed week ending 20 December 2019.***

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**

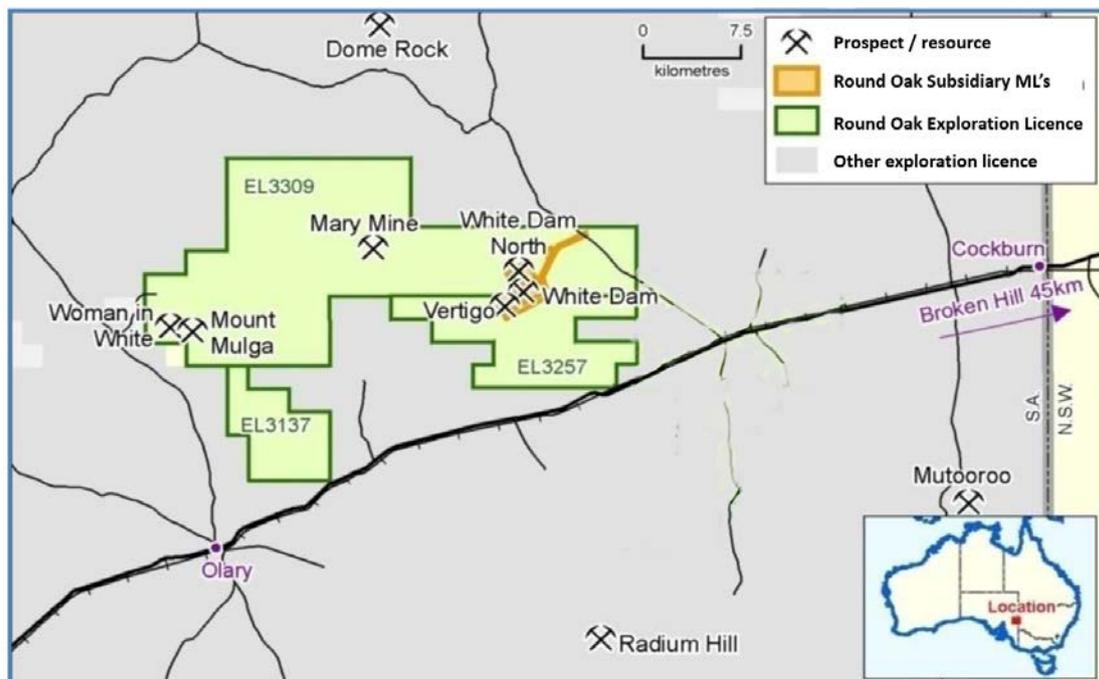
The Company believes that the successful formation of the Joint Venture has the potential to provide GBM with the opportunity to generate cash while assessing opportunities to restart mining operations to exploit remnant open pit mineralisation, other previously defined mineralised zones at White Dam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

The 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.

The operation continues to produce gold (~2,000 oz YTD 2019) and has sufficient water to maintain production activities.



*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.

This ASX announcement was approved and authorised for release by Mr Peter Rohner, Managing Director GBM Resources Limited.

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