

ASX Announcement

22 May 2020

\$3 Million Non-Renounceable Pro-Rata Entitlement Offer

GBM Resources Ltd (ASX: GBZ) (GBM or Company) is pleased to advise that it will undertake a non-renounceable pro rata entitlement offer (Offer) of shares and options to eligible shareholders to raise approximately \$3 million.

GBM will be undertaking the Offer on the basis of 1 fully paid ordinary share for every 4 existing shares held at the record date at a subscription price of \$0.055 per share (New Share), being the same subscription price as the recently completed share placement (refer ASX announcement 17 April 2020). In addition, for each 2 New Shares applied for pursuant to the Offer, GBM will issue 1 free attaching option to acquire a New share exercisable at \$0.11 each and expiring 36 months from issue (New Option). GBM intends to apply for quotation of the New Options, pending satisfaction of the ASX quotation requirements.

The Offer is priced at an approximate 30% discount to the 30 Day VWAP for trading in GBM's shares, and is designed to encourage the participation of all GBM shareholders. It was also felt to be important to provide our existing shareholders with the same opportunity as recent placements to new shareholders, to support the growth of GBM.

The issue has the support of Henslow Pty Ltd who have been appointed as Lead Manager to the Offer. Further details of this Lead Manager mandate will be provided in the Offer prospectus.

All Shares issued under the Entitlement Offer will rank equally with existing fully paid ordinary shares in the Company as of the date of this announcement.

The proceeds from the Entitlement Offer will be used by the Company for the following purposes:

- **Mount Coolon Project** – IP and drilling at Koala / Glen Eva / Eugenia which host our current JORC resources and future drilling at our Bimurra Prospect;
- **Malmsbury Project** – Commence eological mapping, sampling to assist with drill hole targeting on the Malmsbury Project, during Novo's option period;
- **White Dam JV Project** – Finalise SART plant construction and advance commissioning along with completion of resource upgrade to JORC compliance;
- **Mount Morgan** district consolidation / prospectivity analysis leading to decision to self-fund exploration or initiate JV partner search
- Cover entitlement offer costs and working capital.

Peter Rohner, Managing Director and CEO, said:

"This offer will complete our funding initiatives for the foreseeable future and allow accelerated progress on our key projects of Mount Coolon and Malmsbury. As the option agreement with Novo Resources Corp. on the Malmsbury Gold Project is finalised and the White Dam Heap Leach JV comes through commissioning into mainstream production, the Company will be extremely well placed from a funding perspective into 2021"

The Entitlement Offer is non-renounceable and the rights will not be able to be traded on the ASX and will not be transferable.

Eligible Shareholders wishing to participate in the Entitlement Offer should carefully read the Prospectus and accompanying personalised Entitlement and Acceptance Form which are expected to be dispatched on or around Tuesday, 9 June 2020. A copy of the Prospectus will be announced on the ASX and available on the Company's website.

The Entitlement Offer will include a shortfall facility under which Eligible Shareholders who take up their full Entitlement will be invited to apply for additional Shares in the Entitlement Offer from a pool of those Entitlements not taken up by other Shareholders (Shortfall Facility). There is no guarantee that applicants under this Shortfall Facility will receive all or any of the additional Shares applied for under the Shortfall Facility, and sole discretion with respect to allocation remains with the Board.

An indicative timetable for the Offer is as follows:

Event	Date
Announcement of Offer & Appendix 3B with ASX	Friday, 22 May 2020
Lodgement of Prospectus with ASIC and ASX	Thursday, 28 May 2020
Ex date	Tuesday, 2 June 2020
Record Date for determining Entitlements	Wednesday, 3 June 2020
Prospectus dispatched to Shareholders & Company announces dispatch has been completed	Tuesday, 9 June 2020
Opening Date of Offer	Tuesday, 9 June 2020
Last day to extend Closing Date	Wednesday, 24 June 2020
Closing Date of Offer *	Monday, 29 June 2020
Securities quoted on a deferred settlement basis from market open	Tuesday, 30 June 2020
Announcement of results of issue	Thursday, 2 July 2020
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the securities (before noon Sydney time)	Monday, 6 July 2020

A final timetable for the Offer will be included in the Offer prospectus.

* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date.

If the Offer is fully subscribed the Company will issue up to 56,259,534 New Shares and 28,129,767 New Options, raising funds of up to \$3,094,274, before deducting costs of undertaking the Offer.

An Appendix 3B in respect of the proposed issues of securities pursuant to the non-renounceable entitlement issue will be lodged with ASX following this announcement.

This ASX announcement was approved and authorised for release by:

Peter Rohner, Managing Director

For further information please contact:

Investor enquiries

Peter Rohner

Managing Director

+61 8 9316 9100

peter.rohner@gbmex.com.au

Media enquiries

Michael Vaughan

Fivemark Partners

+61 422 602 720

michael.vaughan@fivemark.com.au

About GBM Resources

GBM Resources Limited is a mineral exploration and development company focused on the discovery of world-class gold and copper deposits in Eastern Australia. The company has a high calibre project portfolio, hosting district scale mineral systems, located in a number of premier metallogenic terrains including the Drummond Basin, Mt Morgan district and the Mt Isa Inlier in Queensland, and the Malmsbury Project in the prolific Victorian Goldfields. In addition, GBM is earning in to the White Dam Gold project in South Australia to deliver early cashflow with a low capital exposure.