

ASX Announcement

6 April 2023

COMPANY UPDATE

Convertible Note Update

- GBM Resources Limited (ASX: GBZ) (GBM or the Company) advises that the note documentation has now been amended on the \$5 million convertible note (Second Note) pursuant to the \$10 million convertible note agreement (Agreement) with Collins St Convertible Note Fund (Collins St), announced to ASX on 9 September 2022.
- The issue of the Second Note was completed on 3 January 2023 but subject to finalisation of security documentation – refer ASX:GBZ releases on 3 January 2023 and 24 October 2022. The security arrangements were revised to accommodate the sale of GBM’s remaining 50% interest in the Malmsbury Gold Project announced to the ASX on 10 March 2023.
- The Malmsbury Project sale proceeds of approximately \$2.6 million will be used as a partial repayment and security on Second Note. The partial redemption is to take place on or before 28 April 2023 and at that time the net value outstanding on the convertible note will total ~\$5.9 million (see Table 1). The Second Note repayment date remains as 30 December 2025.

GBM Managing Director & CEO, Peter Rohner, commented: “The \$10 million convertible note funding package has allowed GBM to advance realisation of value from the sale of its non-core assets in a way that maximises value for shareholders. It also has allowed GBM to continue to advance its flagship Drummond Basin gold projects and to substantially add to the JORC resource which currently stands at 45.6 million tonnes @ 1.26 g/t gold for 1.85 million ounces.”

CSVF co-founder and chief investment officer Vas Piperoglou, commented: “We are proud to continue to support GBM via a convertible note. With our current note, our team is extremely excited to help add and grow shareholder wealth via systematic value add initiatives to be conducted by the team at GBM.”

Table 1: \$10 million Convertible Note status post planned repayment

	Dec-22	Apr-23
Convertible Note Total		
Value	10,000,000	10,000,000
Repayment	0	-2,531,650
Note Value Outstanding	10,000,000	7,468,350
Prepaid Interest	2,100,000	1,568,354
Net Value Outstanding	7,900,000	5,899,997

Note: The Prepaid Interest that was due and payable at note issue is for Year 2 and 3 interest (should the note still be in place then). If the notes are repaid before then or converted, a portion of interest is refunded/deducted from any outstanding note value.

For personal use only

Project Updates

- Exploration activities in the Drummond Basin have focused on developing the next round of exploration targets and costing the programs to advance exploration at Twin Hills and Yandan Projects. GBM released “Yandan New Yandan Geology Model Defines Compelling Targets” on 22 March 2023, with updates on the Twin Hills Project targets planned to be available in April.
- Mt Coolon Gold Project - Newcrest A\$25 million farm-in. Newcrest considers the Drummond Basin to be prospective for the discovery of higher grade gold given known epithermal gold occurrences within the Mount Coolon Project area. The project is undergoing establishment activities and initial targeting has identified a number of targets within the existing Mt Coolon tenement package. On ground activities have commenced and a detailed field program is being finalised which is currently anticipated to commence in the June 2023 quarter.
- Our JV in Cloncurry with JX Nippon, has completed ground geophysical work and is mobilising a drill rig to drill an EM target (copper/gold) identified from the recent program, on a tenement just north of Evolution’s Ernest Henry Mine. A separate release on this program will be issued once drilling commences later in April.

Asset Divestment Strategy and Progress

Since the restructure of GBM in FY20 the Company identified various non-core assets held that were surplus to its gold growth strategy in the Drummond Basin. A systematic divestment of these non-core assets has been successful and continues to generate value and support the working capital requirements by a combination of outright sale, partner funded JV and project vend-in.

The Company continues to hold copper gold tenements in the Mt Morgan district, has a 45% JV interest with Nippon Mining in copper tenements in the Mt Isa Inlier in Queensland and holds a 100% interest in the White Dam gold – copper project in South Australia.

Divestment of these remaining non-core assets is in progress and proceeds will be used to support the Company’s working capital requirements together with further partial redemption of the convertible note facility as proceeds are received.

Summary of Transactions completed to date:

- **FY21**
 - Sale of 50% of Malmsbury Project to Novo Resources Corp. (Canadian Company listed on TSXV: NVO) Initial 50% project interest sold for **~A\$3.7 million** in May 2021. Refer ASX:GBZ release 14 May 2021.
- **FY22**
 - Sale of 100% of Milo Project to Consolidated Uranium Inc. (Canadian Company listed on TSXV: CUR) 100% of project sold for **~A\$2.6 million** in April 2022. The first payment of CAD \$500,000 was paid in November 2021 on signing the definitive agreement. The completion payment, represented by the issue of 750,000 CUR shares (with a value at the time of ~A\$2.1 million. Refer ASX:GBZ releases 11 November 2021 and 22 April 2022.
 - Sale of 100% of Mayfield Project to C29 Metals (ASX:C29). 100% of project sold for **~A\$500,000** (cash and shares) in June 2022. Cash payment of \$250,000 along with the issue of 1,558,963 C29 Metals shares. Refer ASX:GBZ releases 15 June 2022 and 31 August 2022.

▪ **FY23**

Sale of remaining 50% of Malmsbury Project to Novo Resources Corp. Remaining 50% of project sold for **~A\$2.6 million** (excluding any potential royalties). This is made up of A\$1.0 million in cash and ~A\$1.6 million in Novo Resources shares/options. The Novo shares and options are escrowed for a period of 12 months from settlement. Refer ASX:GBZ release 10 March 2023. Settlement expected in mid April 2023.

General

GBM has implemented a number of corporate cost saving initiatives in manning and services to ensure maximum funding is available to advance exploration activities. At the board level, Executive Chair Peter Mullens will transition to Non-Executive Chairman for the foreseeable future, effective from 31 March 2023.

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

About GBM Resources

GBM Resources Limited (ASX: GBZ) is a well-funded Queensland based 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 several premier metallogenic terrains.

GBM's flagship project in the Drummond Basin (QLD) holds ~1.84 Moz of gold in JORC resources (Mt Coolon, Yandan and Twin Hills). Some tenements in the Basin have recently become the subject of a A\$25m farm-in with Newcrest. 2023 will see an expanded drilling program which is aiming to define 2-3 Moz and support GBM's transition into a mid-tier Australian gold company.

Separately GBM also holds tenements in the Mt Morgan district, in the Mt Isa Inlier in Queensland (JV with Nippon Mining Australia - 55%) and also holds a 100% interest in the White Dam Gold-Copper Project in South Australia. Divestment of these non-core assets is in progress.

Competent Person Statement

The Company confirms that it is not aware of any new information or data that materially affects the information in the original reports, and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original reports.

Where the Company refers to the exploration results and Mineral Resources in this report (referencing previous releases made to the ASX), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the Mineral Resource estimates with that announcement continue to apply and have not materially changed.

For personal use only

APPENDIX 1: GBM Mineral Resource Estimate for the Drummond Basin Projects (Mt Coolon, Yandan and Twin Hills) along with other company interests

Deposit	Resource Category									Total			Cut-off
	Measured			Indicated			Inferred			000' t	Au g/t	Au oz	
	000' t	Au g/t	Au oz	000' t	Au g/t	Au oz	000' t	Au g/t	Au oz	000' t	Au g/t	Au oz	
Koala -ML													
Open Pit				670	2.6	55,100	440	1.9	26,700	1,120	2.3	81,800	0.4
UG Extension				50	3.2	5,300	260	4	34,400	320	3.9	39,700	2.0
Tailings	114	1.7	6,200	9	1.6	400				124	1.6	6,600	1.0
Sub Total	114	1.7	6,200	729	2.6	60,800	700	2.7	61,100	1,563	2.5	128,100	
Eugenia													
Oxide - Open Pit				885	1.1	32,400	597	1.0	19,300	1,482	1.1	51,700	0.4
Sulphide - Open Pit				905	1.2	33,500	1,042	1.2	38,900	1,947	1.2	72,400	0.4
Sub Total				1,790	1.1	65,900	1,639	1.1	58,200	3,430	1.1	124,100	
Glen Eva - ML													
Sub Total - Open Pit				1,070	1.6	55,200	580	1.2	23,100	1,660	1.5	78,300	0.4
Yandan - ML													
East Hill - Open Pit				4,860	1.5	240,000	7,900	0.8	203,000	12,800	1.1	443,000	0.4
Yandan South - Open Pit							900	0.6	16,000	900	0.6	16,000	0.3
Sub Total				4,860	1.5	240,000	8,800	0.8	219,000	13,700	1.0	459,000	
Illamahta													
Oxide - Open Pit							1,147	0.7	26,900	1,147	0.7	26,900	0.4
Sulphide - Open Pit							1,045	0.9	28,600	1,045	0.9	28,600	0.4
Sub Total							2,192	0.8	55,500	2,192	0.8	55,500	
Twin Hills - ML													
309 - Open Pit	830	2.5	73,900	5,480	1.3	235,200	3,650	1.1	129,800	9,960	1.4	438,900	0.4
309 - UG				190	4.0	24,500	480	3.9	59,900	670	3.9	84,400	2.0
Lone Sister - Open Pit				5,250	1.3	277,300	6,550	0.9	188,500	11,800	1.1	415,800	0.4
Lone Sister - UG				370	2.9	34,300	310	2.6	25,800	680	2.7	60,100	2.0
Sub Total	830	2.5	73,900	11,290	1.6	571,300	10,990	1.1	404,000	23,110	1.3	999,200	
Drummond Basin Total	944	2.6	80,100	19,739	1.6	993,200	24,901	1.0	820,900	45,655	1.26	1,844,200	
White Dam - ML													
Hannaford - Open Pit				700	0.7	16,400	1,000	0.8	26,900	1,700	0.8	43,300	0.2
Vertigo - Open Pit				300	1.0	9,400	1,400	0.6	29,000	1,700	0.7	38,400	0.2
White Dam North - Open Pit				200	0.5	2,800	1,000	0.6	17,600	1,200	0.5	20,400	0.2
Sub Total				1,200	0.7	28,600	3,400	0.7	73,500	4,600	0.7	101,900	
cut-off grade is 0.20 g/t Au for all, Vertigo is restricted to above 150RL (~70m below surface)													
Malmsbury - RL , Note Malmsbury ounces referred to in this table are subject to the SPA completion, Refer ASX:GBZ release 10 March 2023													
Sub Total - UG							820	4.0	104,000	820	4.0	104,000	2.5
Sub Total - UG - GBM Share							410	4.0	52,000	410	4.0	52,000	2.5
GBM Total													1,998,100

The announcements containing the Table 1 Checklists of Assessment and Reporting Criteria relating to the 2012 JORC compliant Resources are:

- Koala/Glen Eva and Eugenia – GBM ASX Announcement, 4 December 2017, Mt Coolon Gold Project Scoping Study, note these resources have not been verified by Newcrest and are on tenements subject to a recent farm-in agreement with Newcrest
 - Yandan – GBM ASX Announcement, 23 December 2020, Mt Coolon and Yandan Combined Resources Total 852,000 oz, following completion of Yandan acquisition, GBM ASX Announcement, 14 March 2023, Results of Yandan Mineral Resource Update
 - Twin Hills – GBM ASX Announcements, 18 January 2019, Mt Coolon and Twin Hills Combined Resource Base Approaches 1 Million Ounces, 2 February 2022, Significant Resource Upgrade at Twin Hills Project and 5 December 2022, Twin Hills Gold Project Upgrades to ~1 Moz Mineral Resource
 - White Dam – GBM ASX Announcement, 18 August 2020, White Dam Maiden JORC 2012 Resource of 102 koz
 - Malmsbury – GBM ASX Announcement, 4 July 2019, Malmsbury Resource Upgraded to JORC 2012, refer note in table also.
- a) The preceding statements of Mineral Resources conforms to the “Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition”
 - b) All tonnages are dry metric tonnes
 - c) Data is rounded to ('000 tonnes, 0.0 g/t and '000 ounces). Discrepancies in totals may occur due to rounding
 - d) Resources have been reported as both open pit and underground with varying cut-off based off several factors as discussed in the corresponding Table 1 which can be found with the original ASX announcement for each Resource