

15 May 2019

Dear Shareholder,

NON-RENOUCEABLE RIGHTS ISSUE – NOTIFICATION TO ELIGIBLE SHAREHOLDERS

On 10 May 2019 GBM Gold Limited (ASX:GBM) (**Company** or **GBM**) announced a non-renounceable pro rata offer to shareholders with a registered address in Australia or New Zealand (**Eligible Shareholders**) of approximately 1,118,319,556 fully paid ordinary shares on the basis of 1 New Share for every existing Share held as at 5:00pm (AEDT) on 21 May 2019, at an issue price of \$0.006 per new share to raise up to approximately \$6.7 million (before costs) (**Rights Issue**).

Sanston Securities Australia Pty Limited has been appointed corporate advisor to the Rights Issue and to place shortfall shares on a best endeavours' basis. Certain directors have agreed to fully participate in the Rights Issue, with the balance of the offer under the Rights Issue being underwritten by Nex Kiwi Group Holdings Limited. Shortfall shares will be placed firstly to existing Shareholders and then to other investors introduced by Sanston Securities and finally to Nex Kiwi.

Funds raised under the Rights Issue are intended to be used as follows: -

| Use of funds | Underwritten Amount (\$'000) (approx.) |
|-------------------------------------------------------------------|-------------------------------------------|
| Payment to Unity Mining (Deferred Environmental Bonds) | 3,500 |
| Repayment of SBID Loan | 750 |
| Harvest Home Open Pit Mine – mine 44,000 tonnes of ore | 400 |
| Nell Gwynne Dome Bendigo (Reopening and reequipping Swan Decline) | 600 |
| General working capital | 1,350 |
| Costs of the Offer | 100 |
| Total use of funds | 6,700 |

The proposed timetable* for the Rights Issue is as follows: -

| | |
|-------------------------------------------------------------------------------------------------------|--------------|
| Ex date – Shares trade ex Entitlement (Ex Date) | 20 May 2019 |
| Record date to determine Entitlement (Record Date) | 21 May 2019 |
| Prospectus with Entitlement and Acceptance Form dispatched Offer opens for receipt of Applications | 24 May 2019 |
| Closing date for acceptances | 4 June 2019 |
| Deferred settlement trading commences | 5 June 2019 |
| Notify ASX of under-subscriptions | 7 June 2019 |
| Issue of New Shares Deferred settlement trading ends | 12 June 2019 |
| Dispatch of shareholding statements Normal trading of New Shares expected to commence | 13 June 2019 |

**The above timetable is indicative and may change, subject to the Corporations Act and Listing Rules.*

The new shares issued pursuant to the Rights Issue will rank equally with existing fully paid ordinary shares in the Company.

The Rights Issue is offered under a prospectus lodged with ASIC on 15 May 2019, a copy of which will be sent to Eligible Shareholders. Eligible Shareholders should consider the prospectus carefully in deciding whether to acquire new shares and attaching new options offered under the Rights Issue and will need to complete the personalised entitlement and acceptance form accompanying the prospectus to take up their entitlements. Eligible Shareholders may also apply for additional shares in excess of their entitlement.

Assuming that no further Shares are issued prior to the Record Date, at the close of the Offer, the capital structure of the Company will be: -

| | |
|--------------------|---------------|
| Existing Shares | 1,118,319,556 |
| New Shares offered | 1,118,319,556 |
| Total Shares | 2,236,639,112 |

Please contact Kit Foo Chye of Sanston Securities (kitfoo.chye@sanston.com.au or +61 437 779 092) if you may wish to subscribe for Shares under the Rights Issue.

Contact the Company Secretary on +61 418 401 049 at any time between 8.00am and 5.00pm (AEST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

A copy of the prospectus may be viewed on the ASX Limited website at www.asx.com.au, or alternatively at the Company's website at www.gbmgold.com.au.

Personalised Entitlement and Acceptance form can be viewed online from 24 March 2019 at www.computershare.com.au.

We look forward to your participation in the Rights Issue.

Yours faithfully,



Eric JP Ng
Chairman