

14 August 2019

Dear Shareholder,

## NON-RENOUNCEABLE RIGHTS ISSUE – NOTIFICATION TO ELIGIBLE SHAREHOLDERS

On 15 May 2019 GBM Gold Limited (ASX:GBM) (**Company** or **GBM**) lodged a prospectus to raise approximately \$6.7 million in a non-renounceable rights issue (**May Rights Issue**) fully underwritten by Nex Kiwi Group Holdings Limited (**Nex Kiwi**).

On 30 July 2019 the Company announced that Nex Kiwi had informed the Company that it had decided to terminate its underwriting agreement, and that GBM had entered into a new underwriting agreement with Metropolis Enterprises Group Limited (**MEG**). Under that agreement, MEG had agreed to underwrite the May Rights Issue in consideration for an underwriting fee of 5%.

ASX subsequently advised that it would not extend the closing date for the May Rights Issue and ASIC informed GBM that it required GBM to offer applicants under the May Rights Issue an opportunity to withdraw their applications. As withdrawal rights could not be offered without extending the closing date, GBM's board resolved to withdraw the May Rights Issue, return applications received and re-make an offer on the same terms as the May Rights Issue; namely 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 19 August 2019, at an issue price of \$0.006 per new share to raise up to approximately \$6.7 million (before costs) (**Offer** or **Rights Issue**).

To facilitate the Offer, the Company has appointed Sanston Securities as corporate advisor to place Shortfall Shares on a best endeavours basis, MEG has agreed to underwrite the Offer (excluding Shares underwritten by the Underwriting Directors), and Unity Mining has agreed to defer repayment of its debt until the Offer is completed.

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)	2,655
Repayment of GML and SBID Loan	1,550
Harvest Home Open Pit Mine – mine 44,000 tonnes of ore	400
Nell Gwynne Dome Bendigo (re-opening of the Swan decline)	600
Working capital	1,120
Costs of the Offer	375
<b>Total</b>	<b>6,700</b>

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

Ex date – Shares trade ex Entitlement ( <b>Ex Date</b> )	16 August 2019
Record date to determine Entitlement ( <b>Record Date</b> )	19 August 2019
Prospectus with Entitlement and Acceptance Form dispatched Offer opens for receipt of Applications	22 August 2019
Closing date for acceptances	2 September 2019
Deferred settlement trading commences	5 September 2019
Notify ASX of under-subscriptions	5 September 2019
Issue of New Shares Deferred settlement trading ends	9 September 2019
Dispatch of shareholding statements Normal trading of New Shares expected to commence	10 September 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 14 August 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 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. Shortfall Shares will be placed firstly to existing Shareholders and then to other investors introduced by Sanston Securities and finally to Metropolis Enterprises Group Limited.

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](mailto: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.



GBM Gold Ltd

A copy of the prospectus may be viewed on the ASX Limited website at [www.asx.com.au](http://www.asx.com.au), or alternatively at the Company's website at [www.gbmgold.com.au](http://www.gbmgold.com.au).

Personalised Entitlement and Acceptance form can be viewed online from 22 August 2019 at [www.computershare.com.au](http://www.computershare.com.au).

We look forward to your participation in the Rights Issue.

Yours faithfully,

Eric JP Ng  
Chairman