



17 September 2015

ASX Announcement

ACQUISITION OF THE BENDIGO GOLD PROJECT

GBM Gold Limited

ABN 59 119 956 624

ASX CODE: GBM

CORPORATE DETAILS:

Shareholders: ~670

Shares on Issue:
834,784,944

Options: Nil

Directors:

Eric JP Ng (*Chairman*)

John Harrison (*CEO*)

Paul Chan

Andy Lai

Linda Lau

Andrew Chan

Company Secretary:
Andrew Chan

CONTACT DETAILS:

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Email
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Website
www.gbmgold.com.au

HIGHLIGHTS

Binding Asset Sale Agreement entered into for the purchase of Unity Mining Limited's Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area.

- ✓ \$100,000 signing fee paid to Unity Mining Limited;
- ✓ Deferred bond payments of \$5.63 million over a three year period to repay cash provided by UML to GBM, to meet the rehabilitation obligations at Bendigo;
- ✓ Acquisition is conditional on GBM shareholder approval and government and regulatory approvals;
- ✓ Foreign Investment Review Board has confirmed that it has no objection to the acquisition;
- ✓ GBM has agreed to issue 200,000,000 shares at a price of \$0.01 per share to sophisticated investors to raise \$2,000,000 to provide additional funding; and
- ✓ The Bendigo Goldfield is Australia's second richest historical goldfield after Kalgoorlie's Golden Mile having produced approximately 22 million ounces of gold.

GBM Gold Limited (**ASX: GBM**) is pleased to announce that it has reached agreement with Unity Mining Limited (**ASX: UML**) to purchase the Bendigo Gold Project.

The key terms of the Asset Sale Agreement signed between the parties are as follows:

- **\$100,000** in cash (non-refundable except in certain limited circumstances) signing fee paid to Unity;
- On Completion (to be prior to 31 October 2015) – GBM to pay Unity **\$1,000,000** in cash, and Unity to assign to GBM the funds held to meet rehabilitation obligations at Bendigo (\$5.63 million). GBM will also assume responsibility for any liabilities relating to the Bendigo project on and from completion;
- On the first anniversary of completion – GBM to pay Unity **\$1,000,000** in cash;
- On the second anniversary of completion – GBM to pay Unity **\$1,800,000** in cash; and
- On the third anniversary of completion – GBM to pay Unity **\$1,830,000** in cash.

In addition, the parties have agreed that, should GBM sell or otherwise realise value from certain assets, Unity is entitled to a share of the payments received, with any such payments being used to accelerate, but not to increase, the deferred payments.

GBM's obligations to pay the deferred payments will be secured by a first-ranking security interest granted in favour of Unity over certain assets acquired under the Asset Sale Agreement.

The transaction is expected to complete by 31 October 2015, subject to satisfaction or waiver of the following conditions on or before that time:

- GBM shareholders approving the acquisition, as required by ASX;
- Victorian Government Ministerial approval to the transfer and registration of the Bendigo Tenements to GBM; and
- Release of existing environmental bonds by Unity and acceptance of the replacement environmental bonds from GBM by the Victorian Department of Economic Development, Jobs, Transport & Resources.

GBM has also agreed to issue 200,000,000 shares at an issue price of \$0.01 per share to sophisticated investors via a private placement to raise \$2,000,000. The funds raised will be used to make the payment due on completion and to provide additional working capital to the Company.

A notice of meeting and explanatory memorandum containing further information about the transaction and the resolution for shareholders to approve the acquisition will be dispatched to shareholders in the coming weeks.

John Harrison, GBM's CEO, commented:

"Acquiring Bendigo is a significant step in securing GBM's future. The Bendigo Gold Project is multi-dimensional in nature and provides the Company with several low cost projects that will provide cash flow to fund exploration and potential development of Australia's second largest goldfield. This project is of a scale to potentially deliver significant value to shareholders."

ENDS

About GBM Gold Ltd (ASX: GBM)

GBM Gold is a gold focused mining and exploration company with mining and exploration assets located in underexplored areas of one of Australia's most significant gold producing regions; the Central Victorian Goldfields that host the Bendigo (~22 million ounce) and Ballarat (~12 million ounce) gold deposits.

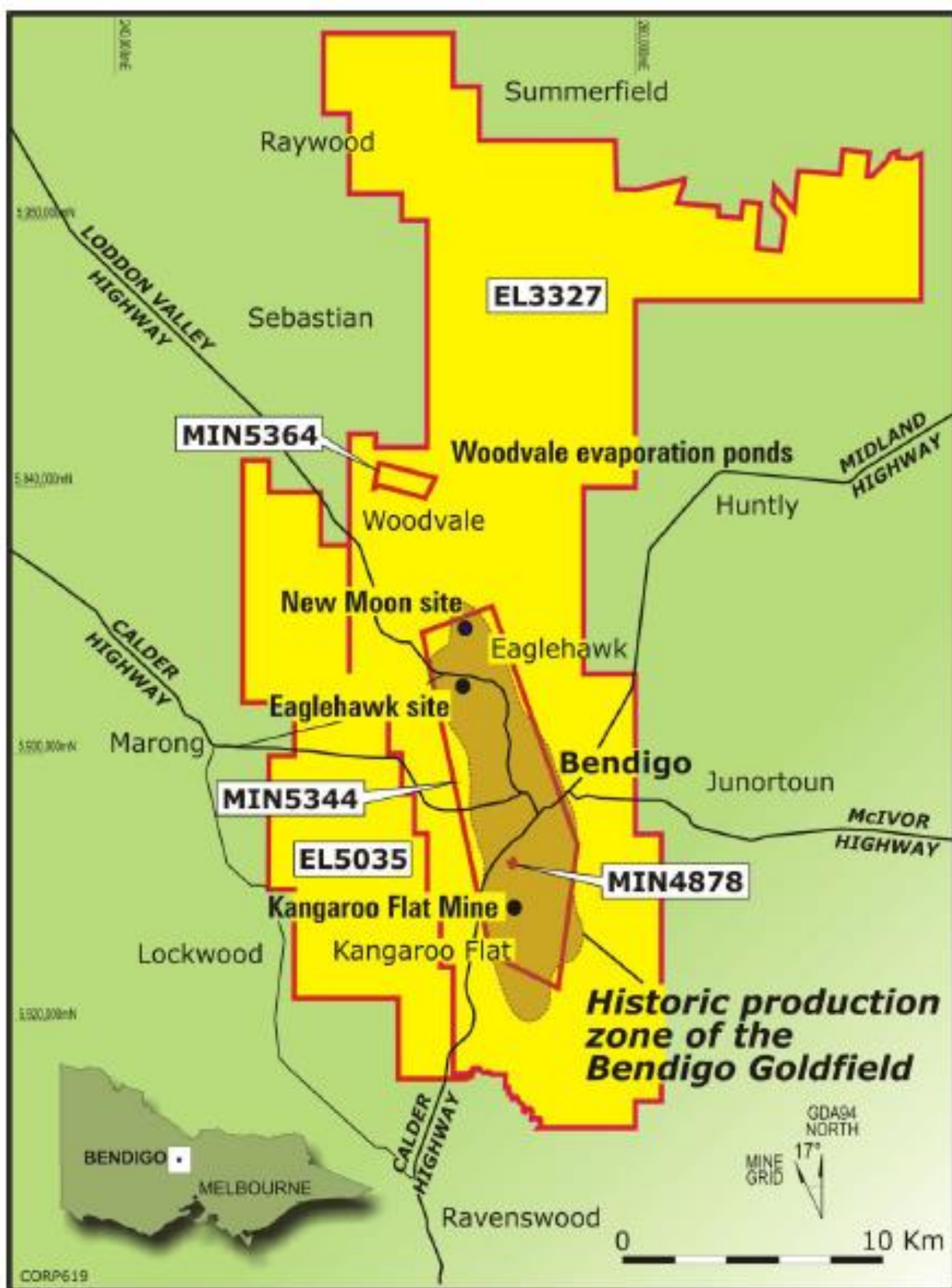
The Company is targeting low cost projects to develop long term sustainable mining to fund the Company's growth. Recent work has centred on the Harvest Home deposit located north-east of Dunolly in the Golden Triangle area of Central Victoria. GBM has a 50% equity interest in Harvest Home and recently completed a bulk sample from this project producing a 107 ounce gold dore bar. Harvest Home and the adjacent Queen's Birthday will continue to be developed in parallel with the company's development of the Bendigo Goldfield, Australia's second largest goldfield.

For further information, please visit www.gbmgold.com.au or contact:

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CEO and Director
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Forward-Looking Statements

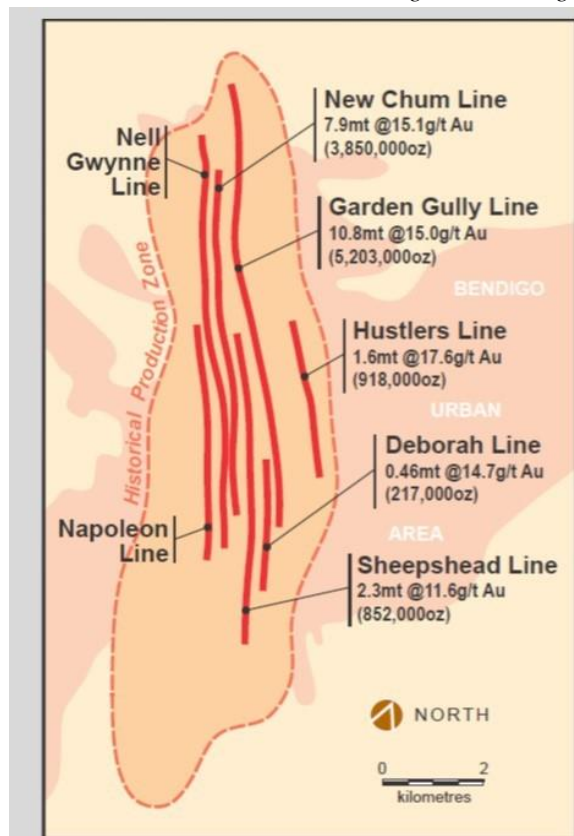
This announcement contains "forward-looking statements" within the meaning of securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements regarding certain plans, strategies and objectives of management and expected financial performance. These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of GBM Gold and any of its officers, employees, agents or associates. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Exploration potential, where discussed is conceptual in nature and indicates there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Readers are cautioned not to place undue reliance on forward-looking statements and GBM Gold assumes no obligation to update such information.

Bendigo Goldfield Tenement Plan

Background to the Bendigo Goldfield

Situated just 130km from Melbourne, the immense riches derived from the Bendigo Goldfield played a significant part in Melbourne's ascent to affluence, and the birth of modern Australia. The Bendigo Goldfield is Australia's second richest historical goldfield after Kalgoorlie's Golden Mile with 22 million ounces of gold produced (see Figure 1).

Figure 1: Bendigo Goldfield Production 1851 to 1954



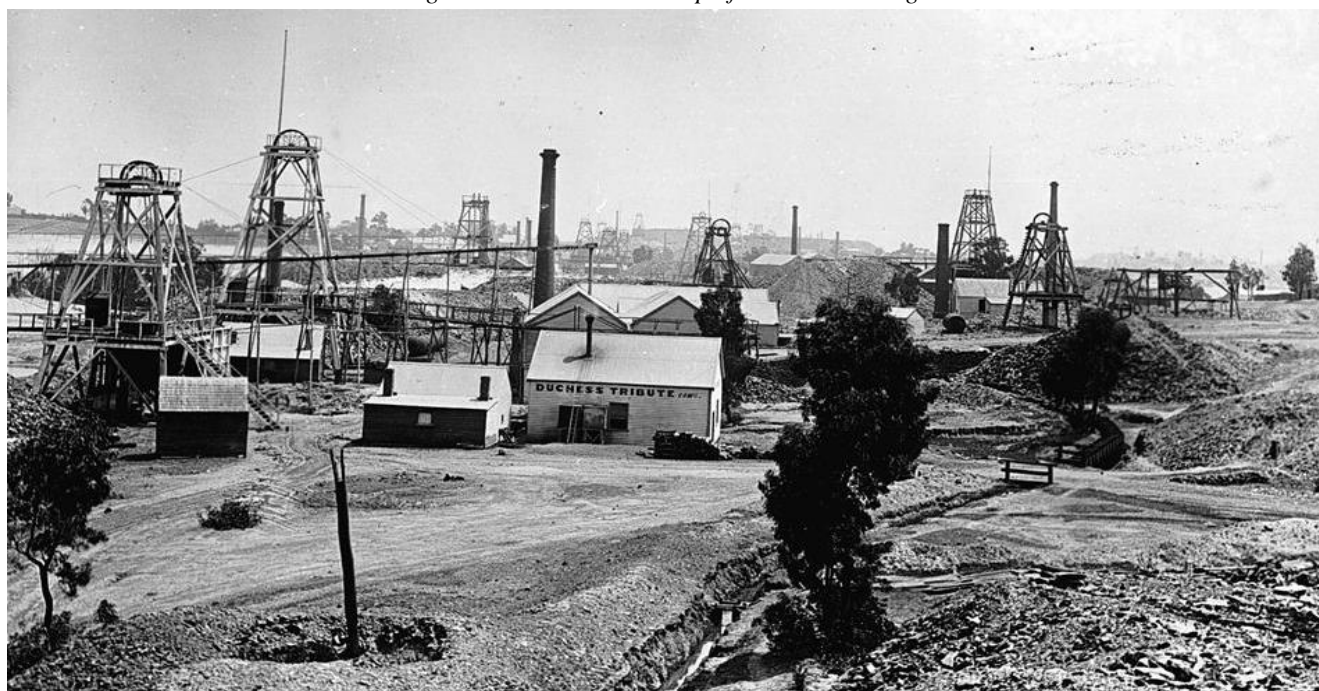
Bendigo Goldfield

Historical Gold Production from Lines of Lodes

- ❑ 18 million ounces of reef gold
- ❑ 4 million ounces of alluvial gold
- ❑ Large footprint (10kms X 3km)

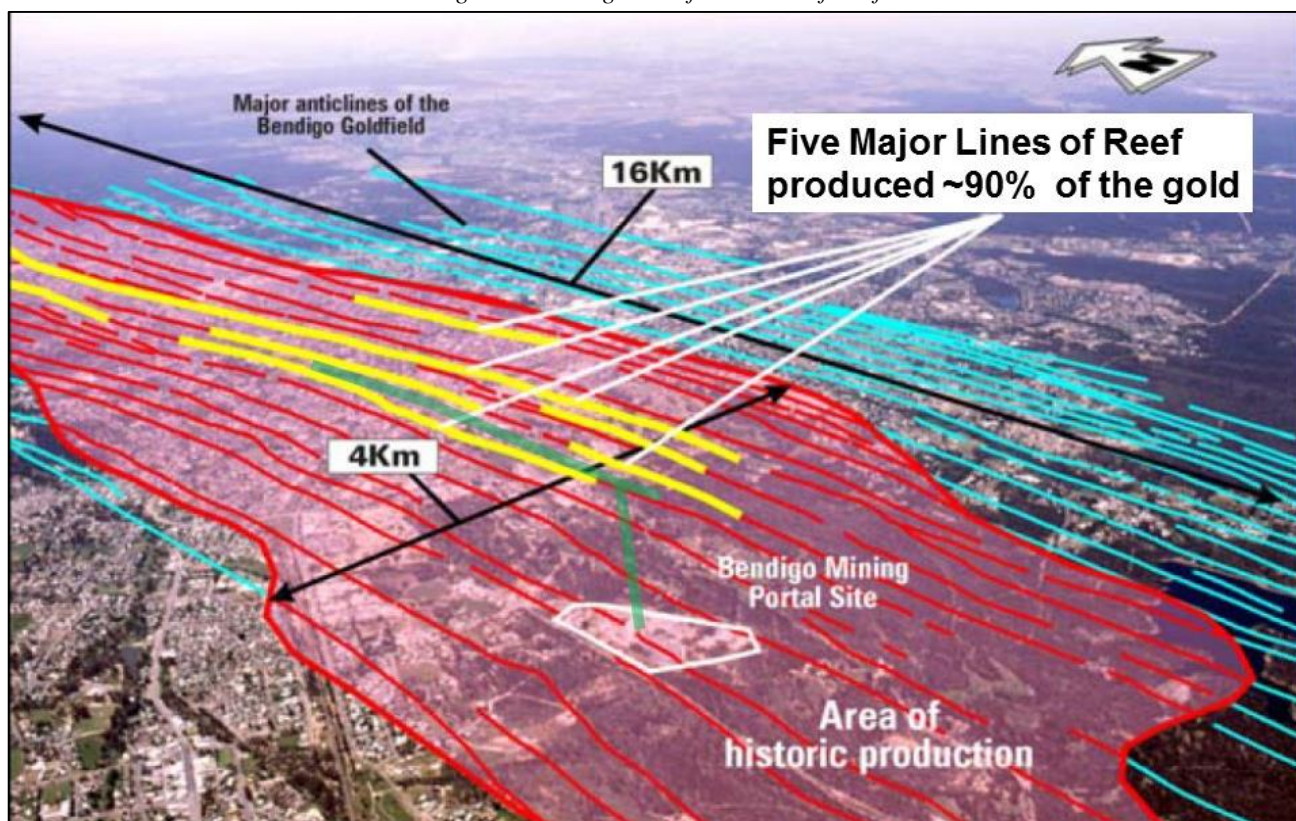
It is estimated that five thousand shafts were sunk at Bendigo during the hundred year period of mining, from which more than 40 million tonnes of 'quartz reef' ore were extracted.

Figure 2: Devonshire Group of Mines in Bendigo



Bendigo is famous for its saddle reefs located at or near the top of anticlines. Seventeen of these anticlinal “lines” are known to be mineralised, others have had limited exploration. Five of them produced ~90% of the gold.

Figure 3: Bendigo Goldfield Lines of Reef



Bendigo Mining (now Unity Mining Limited) developed a decline from the Kangaroo Flat mine site, which bridged eight gold-bearing reef zones and continued to depths of about 1,000 metres. Ore was processed through the 600,000 tonne per annum gold plant and produced ~135,000 ounces of gold.

Figure 4: Bendigo Goldfield Development

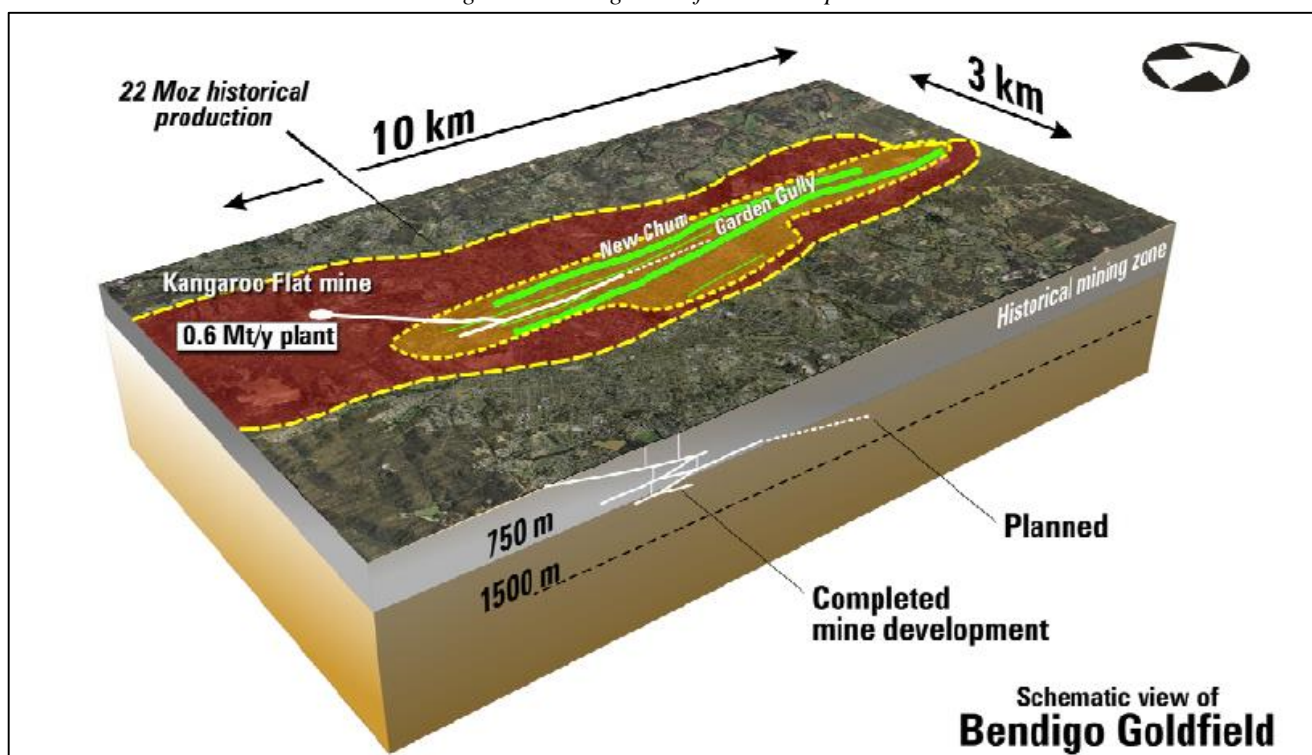


Figure 5: Kangaroo Flat Gold Processing Plant



GBM Plans for the Bendigo Goldfield

The 40 million tonnes of ‘quartz reef’ ore mined produced an equivalent amount of tailings. During the 1980’s and 1990’s tailings dumps in Bendigo were reprocessed by miners on a commercial basis, at no cost to state or local governments, to extract remnant gold, and then relocated to purpose built dams which met modern environmental standards.

Bendigo Council (“**Council**”) has made submissions to the Victorian Government to clean up the tailings in Bendigo to provide more land for residential development. GBM supports this objective and plans to work with Council to achieve this outcome.

Figure 6: Tailings Dump in Bendigo



GBM also plans to reprocess the existing sand dams at the Kangaroo Flat Mine. They contain 600,000 tonnes of sand, which, when reprocessed will be suitable for sale. The dams may also contain remnant gold.

Figure 7: Sand dams at Kangaroo Flat Mine



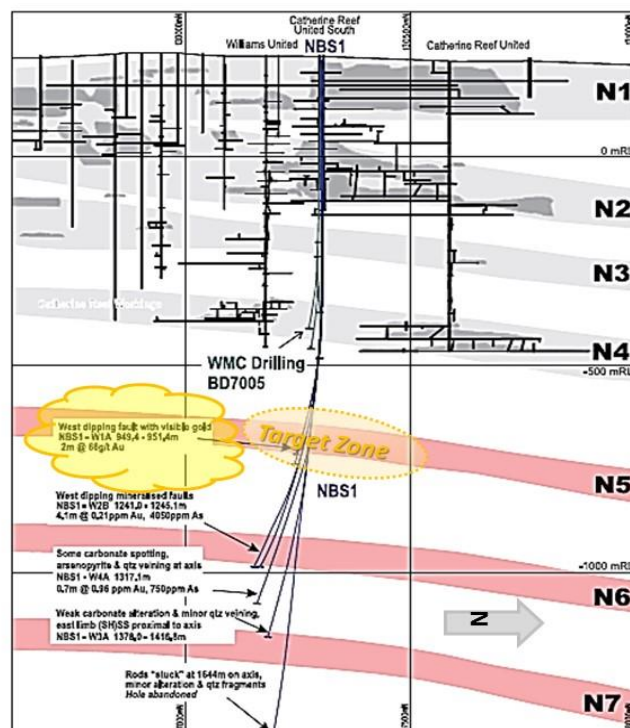
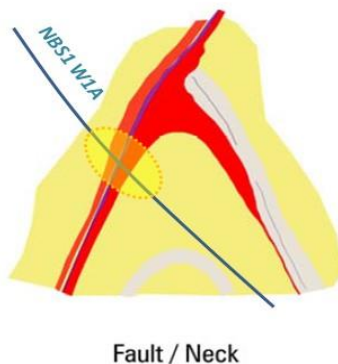
Exploration Potential

Most of the modern exploration has been focused around the new decline and associated workings. However there appears to have been very little work undertaken within the rest of the goldfield either “in-mine”, or immediately to the north of the Main Bendigo Goldfield, or even further afield.

Figure 8: Example of one of many targets adjacent to existing mine workings¹

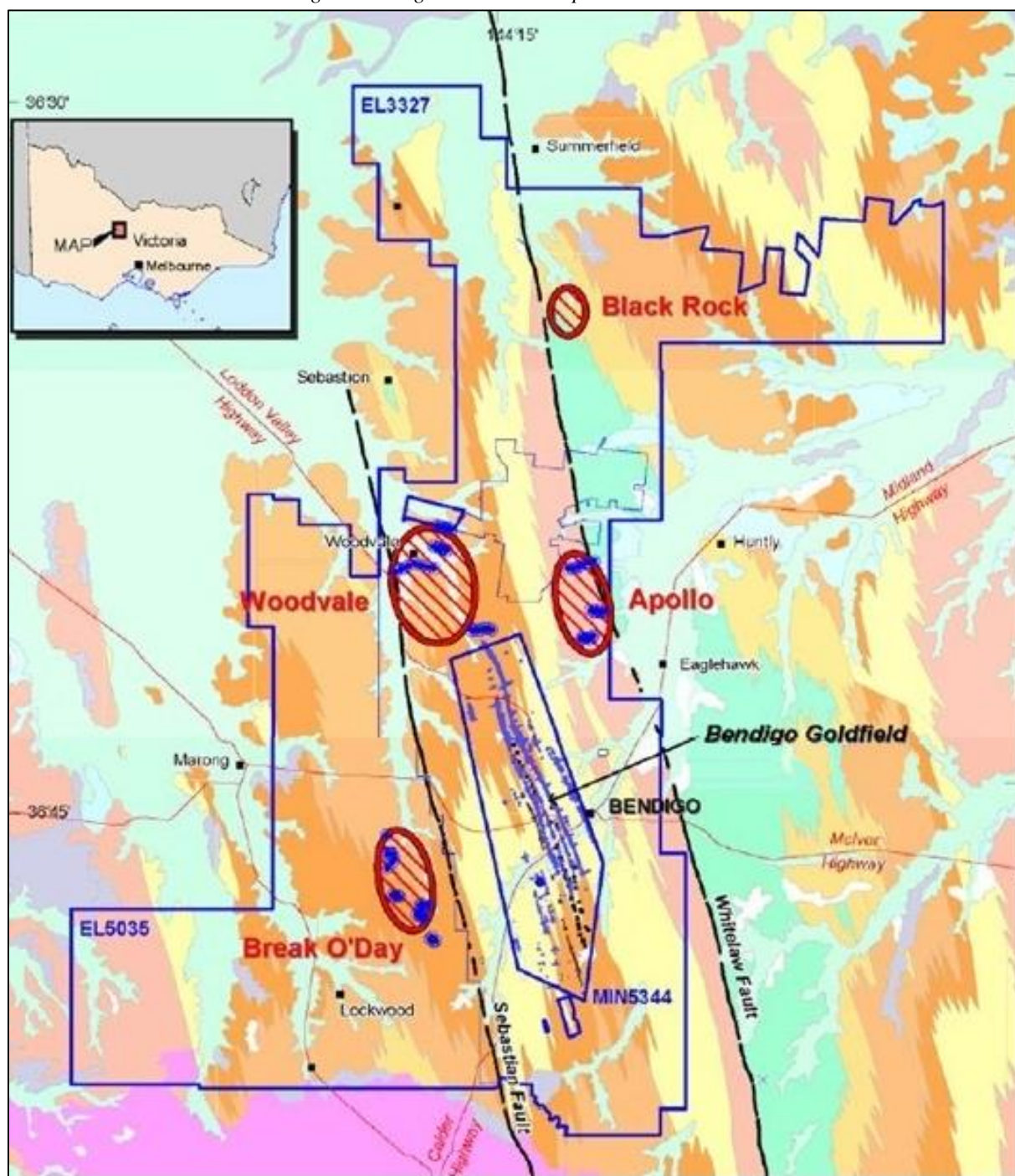
NEW CHUM LINE Catherine Deeps Target

Bendigo Mining Drilling in 2000.
“...metre wide bedded fault... in west dipping stratigraphy... laminated-massive quartz ...weighted BLEG assays returned 2m @ 66 g/t Au”



¹ New Bendigo Gold Project, Northern Drilling Programme, Bendigo Mining, 2000

Figure 9: Targets within the Exploration Licences



Mine Water Disposal

The Jacobs Group (Australia) produced a report for the Victorian Government on managing mine water from the historic mines in Bendigo. The major issues are keeping the Central Deborah Tourist Mine dewatered and preventing water flowing out of the mines into the creeks.

GBM plans to work with government, council and the community in addressing this issue.

Summary

GBM believes that the Bendigo Gold Project is multi-dimensional in nature and will provide the Company with several low cost projects that will provide cash flow to fund exploration and potential development of Australia's second largest goldfield.