

BENDIGO GOLD PROJECT

GBM Gold Limited
ABN 59 119 956 624

ASX CODE: GBM

CORPORATE DETAILS:

Shareholders: ~680

Shares on Issue:
945,784,944

Options: Nil

Directors:

Eric JP Ng (*Chairman*)

John Harrison (*CEO*)

Paul Chan

Andy Lai

Linda Lau

Andrew Chan

Company Secretary:

Andrew Chan

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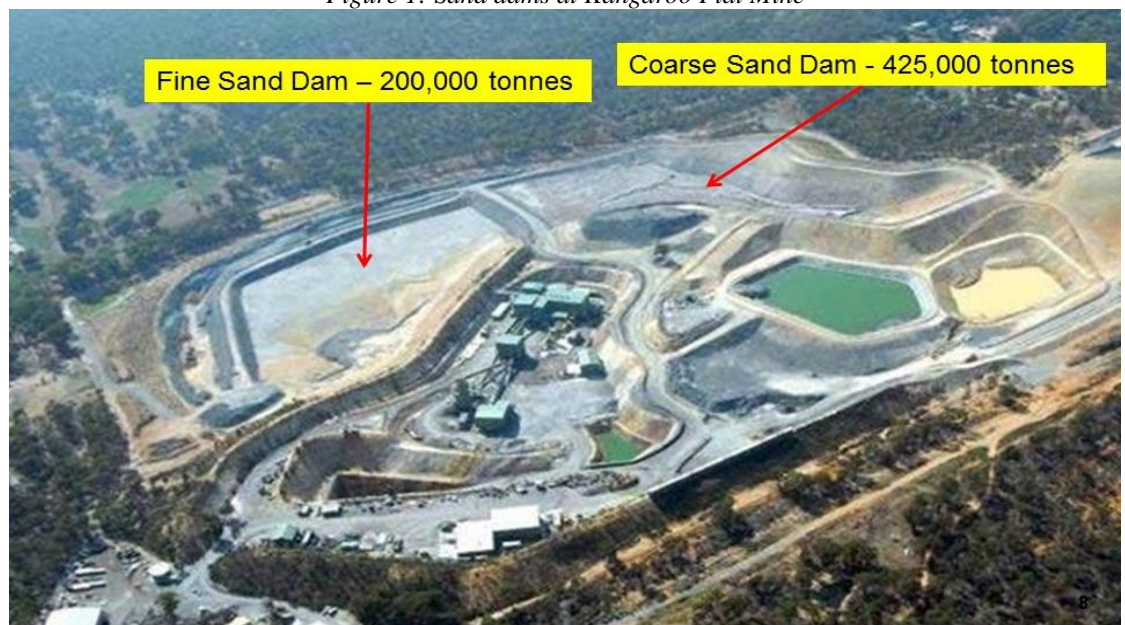
HIGHLIGHTS

- ✓ GBM has completed an aircore drilling program on the Kangaroo Flat Sand Dam Project (see Figure 1).
- ✓ Twenty-three holes drilled in the coarse sand dam and three holes in the fine sand dam to define the gold content and the physical properties of the sand.
- ✓ Significant results were 3m @ 1.78g/t Au from surface in the coarse sand dam and 3m @ 0.95g/t Au from 8 metres in the fine sand dam.
- ✓ GBM is finalising analyses on the samples taken from the 23 drill holes so that it may fully inform the local market of the properties of the sand product.

GBM Gold Limited (**ASX: GBM**) is pleased to provide the following update to the market in relation to the purchase of the Bendigo Gold Project from Unity Mining Limited (**ASX: UML**). GBM and Unity agreed to an extension of time on the contract to 29 February 2016 to allow the completion of regulatory and administrative processes.

The Bendigo assets include 600,000 tonnes+ of sand from gold processing. The sand is contained in two dams. The dams were established to capture the sand with the objective of selling it into the industrial market (see Figure 1). The dams also contain gold and it is planned to reprocess and sell the sand and recover the gold.

Figure 1: Sand dams at Kangaroo Flat Mine

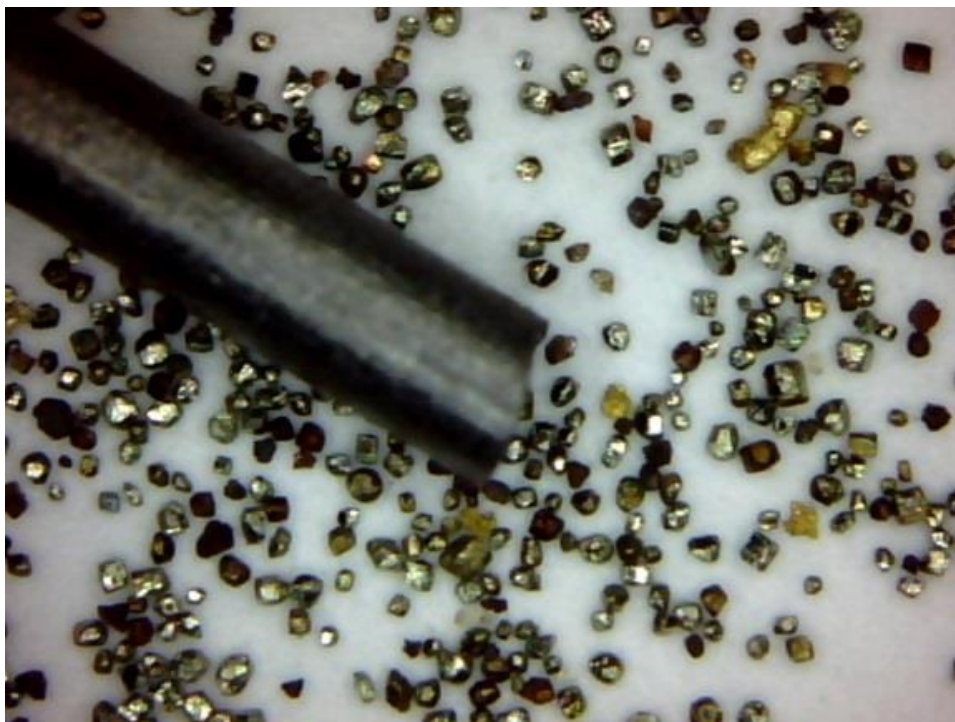


The Kangaroo Flat Gold Processing Plant was designed to capture the majority of the gold by gravity methods. This was very successful capturing 75% of the gold. During the process the ore was ground to a size that liberated most of the gold. After initial gravity gold recovery, the resultant sand was separated according to particle size with the fine material being further processed to remove contained gold and 425,000t of coarse material deposited in the coarse sand dam without any further processing. The fine material was processed by flotation methods resulting in 200,000 tonnes of material stored in the fine sand dam. The flotation process produced twenty-two thousand tonnes of gold bearing material that was leached and then later sold to Octagonal Resources at Maldon and they recovered a further 5,400 ounces of gold which is 4% of the total gold mined. Total gold recovery was 93% with 7% of the gold not captured in processing.

A significant portion of the gold not captured is considered to be in the 425,000 tonnes of material stored in the coarse sand dam. The coarse sand dam has been the focus of GBM's work at Kangaroo Flat to date.

To facilitate an immediate start on project development Unity provided access to enable GBM to drill and sample the sand dams. An air-core drilling program was completed with twenty-three holes drilled in the coarse sand dam and three holes in the fine sand dam (see Figure 2). Significant results were 3m @ 1.78g/t from surface in the coarse sand dam and 3m @ 0.95g/t from 8 metres in the fine sand dam.

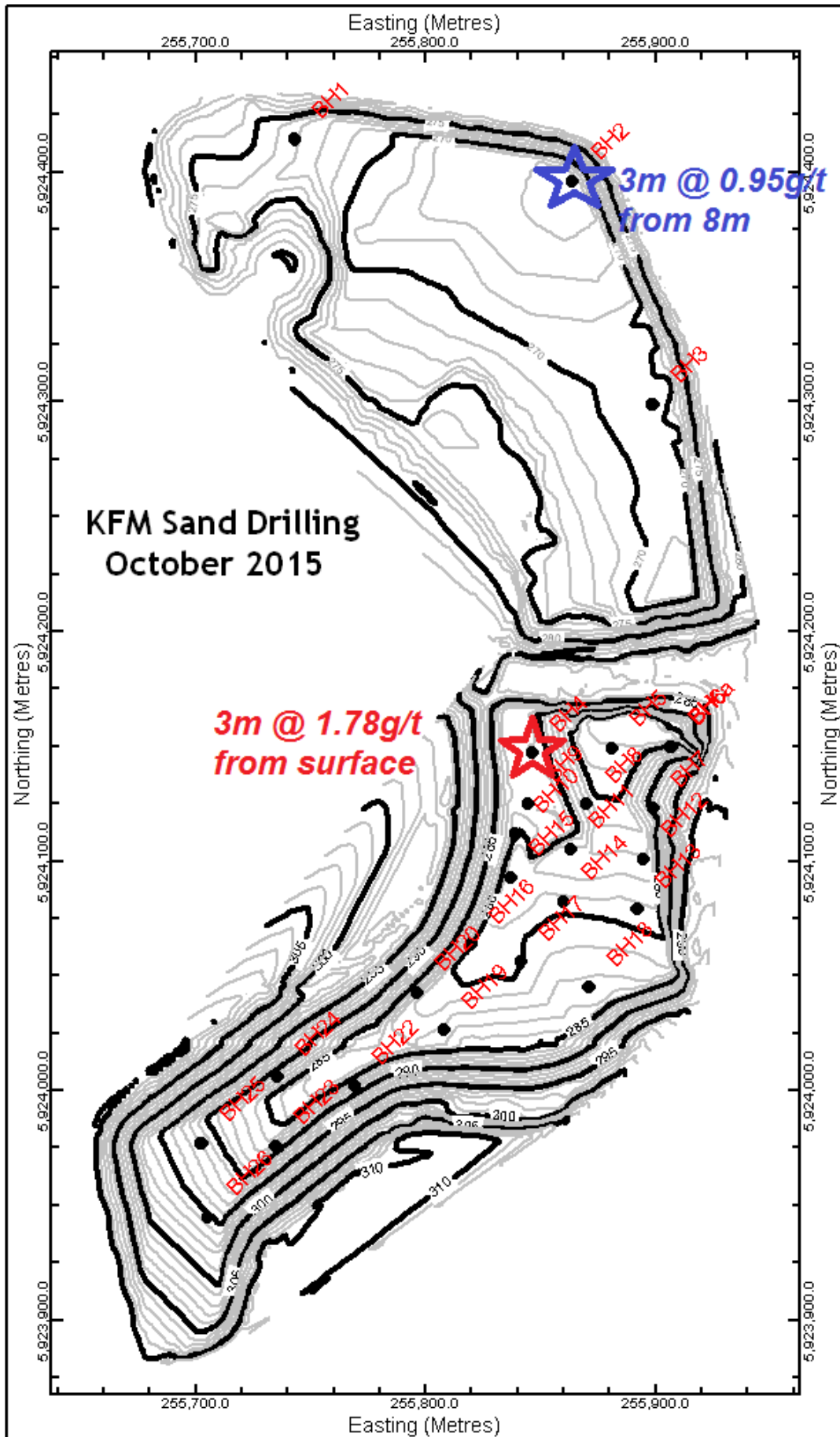
The proposed program of work, upon transfer of the mining licence, is to excavate the coarse sand dam at a rate of 280,000 tonnes per annum, wash the sand and recover the gold.



The washing and concentrating process removes deleterious materials such as salts, heavy metals and slimes. The photo above shows gold and heavy metals recovered compared to a 0.7mm pencil lead. It is planned to process 425,000 tonnes over a period of two years. All approvals are expected to be in place for this project to commence when GBM takes control of the site.

GBM is finalising analyses on the samples taken from the 23 drill holes so that it may fully inform the local market of the properties of the sand product. It is planned to sell this product into the local market then continue with sands produced from tailings clean-up projects around Bendigo.

Figure 2: Drill hole locations in the Kangaroo Flat Sand Dams



ENDS

About GBM Gold Ltd (ASX: GBM)

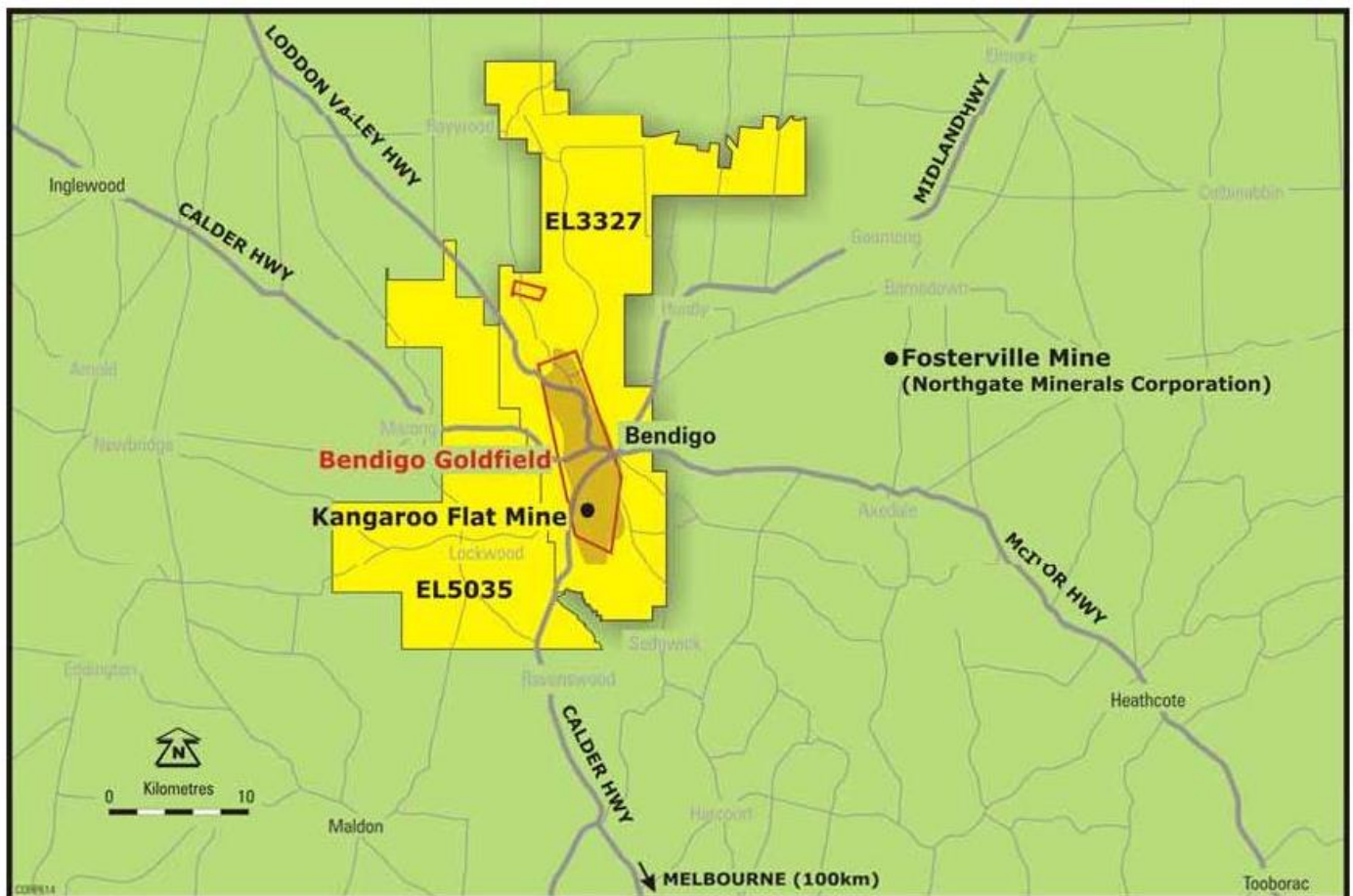
GBM Gold is a gold focused mining and exploration company with mining and exploration assets located in underexplored areas of one of Australia's most significant gold producing regions; the Central Victorian Goldfields that host the Bendigo (~22 million ounce) and Ballarat (~12 million ounce) gold deposits.

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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Bendigo Goldfield Tenement Plan



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.