

ASX Announcement

29 August 2023

White Dam Executes Strategic Alliance with Portia Gold Mine

KEY POINTS

- GBM has executed a strategic binding agreement with Benagerie Gold & Copper Pty Ltd (BGC), the owner of the Portia Gold Mine in northeast South Australia, to advance each's respective Projects (White Dam and Portia Gold Projects).
- The agreement provides a framework for both parties in partnership, to optimise the value of their existing resources and plant infrastructure assets by potentially reducing costs, increasing revenue and profitability for both parties.
- Over the last quarter, initial work has been completed on mining studies, analysis of ore feeds etc. that have led to support the strategic alliance with BGC. GBM is advancing plans to commence trials processing high grade Portia ore feed at White Dam and under the agreement cash surplus (after agreed costs) are allocated equally.
- In addition, BGC (through its parent) will provide mining equipment to allow GBM to complete approved activities at its site (treatment of remaining ROM pad material and rehandling/stacking of irrigated heap leach material) to increase gold recovery from existing gold resources.
- In parallel with the divestment option, the Alliance's longer term strategy is to investigate the opportunity to combine the projects which may include a tolling agreement, joint venture, mining and funding options or outright sale.

GBM Resources Limited (ASX: GBZ) (GBM or the Company) is pleased to provide an update of activities relating to its 100% owned White Dam operation, located southwest of Broken Hill in South Australia.

GBM Managing Director & CEO, Peter Rohner, commented: "We see strong synergies with our White Dam Project and the Portia Project, with different processing plant configurations and workforce expertise. This alliance can add value for both shareholders and allow increased revenues while Australian dollar gold prices are at near record highs. Optimising each asset is a key opportunity to greatly improving cash flows, while we continue the process to divest or consolidate the White Dam asset with the Portia mine."

BGC Managing Director & CEO, Steve Radford OAM, commented: "BGC is committed to realising the potential that the Portia ML and the region offers. Given the relatively close location, resource type, knowledge and assets of both operations, working with GBM's White Dam Project is a natural next step for BGC. The opportunity to value add for both companies and shareholders, I feel this is an exciting step forward and it will also give positive outcomes for the regional communities and Broken Hill in the long run"

Portia Project Background

The Portia Mine Site is located approximately 430 km north-northeast (direct) of Adelaide, South Australia and approximately 85 km north (direct) of the Barrier Highway. The closest regional centre is Broken Hill, located approximately 110 km (direct) to the southeast, across the border in New South Wales (NSW).

The Site operates within Mining Lease (ML) 6346 and comprises two deposits, the previously mined Portia and in-situ North Portia (which is located just north of the Portia open pit).

The paleo channel that runs from Shylock to the north of the ML through Portia and to the south at the Lorenzo deposit still offers future exploration opportunity within the ML.

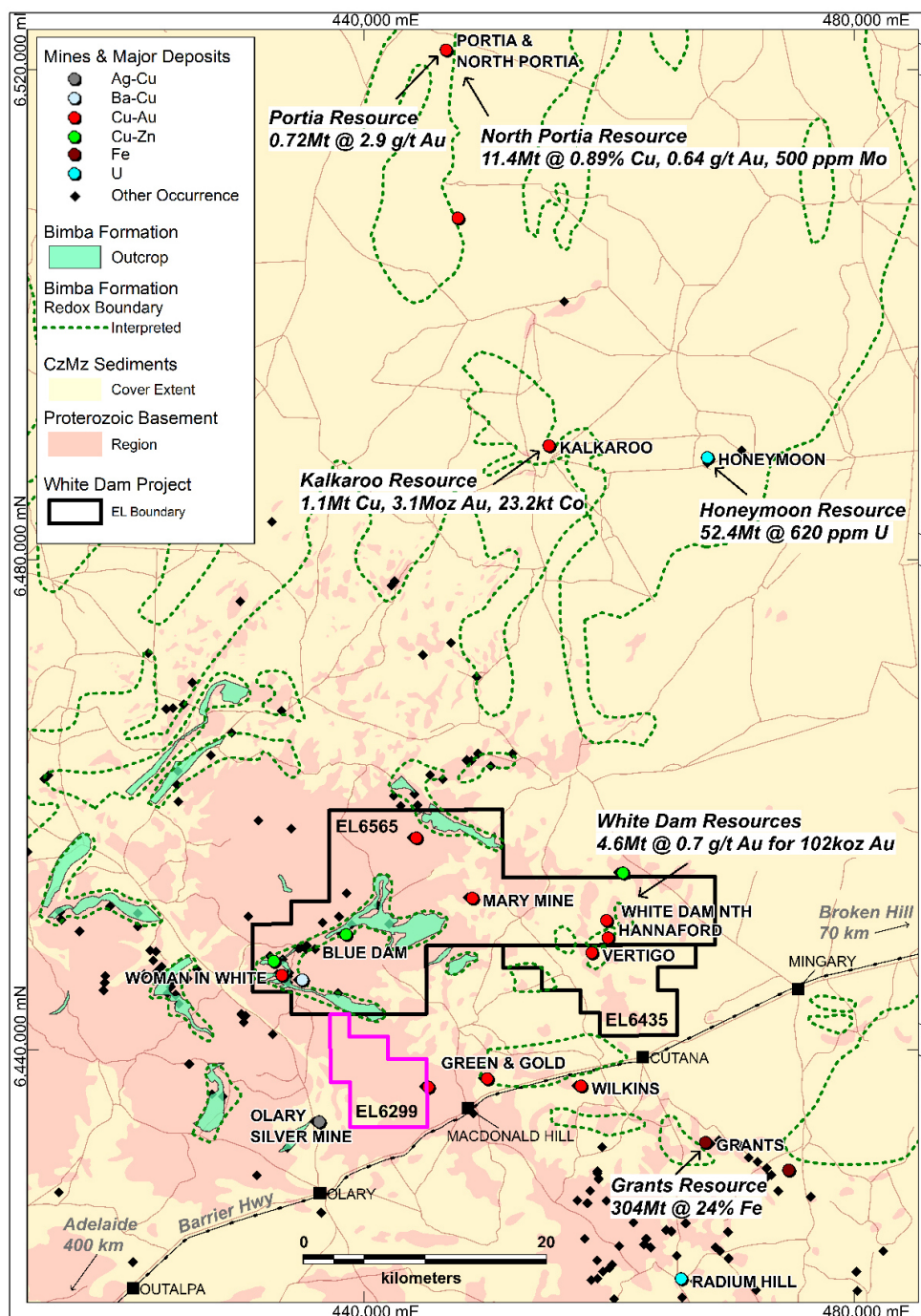


Figure 1: White Dam leases and Portia/North Portia location to the north ^{1,2}

Benagerie Gold and Copper Pty Ltd (BGC) is the current owner of the Portia Mine Site. In 2003, Havilah Resources Limited (ASX: HAV, Havilah) acquired the Project from Pasminco to develop an existing gold resource. A ML was granted to Benagerie Gold, the previous name of BGC (which was then a subsidiary company of Havilah), by the Department for Energy and Mining (DEM) on 2 October 2009 for a period of seven years. A ML renewal application was submitted to DEM on 20 June 2016 and extension has been granted for a further 12 years commencing on 2 October 2016.

Construction commenced in March 2015, with mining of the overburden from the Portia open pit occurring during April 2015 through a partnership between Havilah and Consolidated Mining and Civil (CMC), who managed the mining activities onsite. The first gold ore was mined during March 2016, with the first gold pour occurring in May 2016. The original operations included the excavation of an open pit (Portia), followed by the recovery of particulate (nuggetty) gold from the Eyre Clays using a gravity separation and washing plant. In August 2018, the Porta Mine Site was placed in a phase of care and maintenance. Approximately 1 Mt of gravity tailings remains on site containing gold.

Recent metallurgical studies have been undertaken on the cyanide recoverable gold from the tailings which has highlighted the potential of re-processing these materials through a modified processing plant circuit.

BGC plan to resume remnant mining of the Portia open pit to complete the excavation of the approved extensions to the north and south, process remaining ore stockpiles located on the ROM pad and process the fine gold contained within the tailings material stored in the current Tailings Storage Facility's (TSF) cells, TSF-1 (previously referred to as TSFE) and TSF-2 (previously referred to as TSFW).



Figure 2: Portia open pit and waste dumps, with ROM pad, scrubber, processing plant (using gravity circuit) and tailings dams at the top of the image.

Portia Project Opportunities

Portia Tailings

GBM has conducted laboratory leaching trials on high grade coarse Portia tailings with positive results in a heap leach configuration. Drip irrigation and flooded VAT leach configurations were tested with high gold extractions.

As such, an initial trial of a larger parcel of Portia tailings will be leached at White Dam, following receipt of required government permits etc.

Should the trial be successful, BGC and GBM will examine the merits of treatment of further larger parcels of Portia tailings at White Dam.

Mining Services Provision

Pursuant to the agreement BGC will provide mining equipment to allow GBM to complete approved activities at its site (treatment of remaining ROM pad material and rehandling/stacking of poorly irrigated heap leach material) to increase gold recovery from existing gold resources. GBM has the option to provide consideration of up to \$250,000 for the abovementioned services in the form of fully paid ordinary shares (Consideration Shares).

The issue price of the Consideration Shares will be determined by the volume weighted average price of the shares of GBM, measured for the respective period covered by the invoice over which the services were provided. Based on the underlying GBM share price (of \$0.017) at the date of this announcement an indicative maximum number of shares that would be issued pursuant to the agreement is 14,705,882 ordinary fully paid shares and would be issued pursuant to the Company's security issue capacity under ASX Listing Rule 7.1. The actual number of Consideration Shares to be issued pursuant to the agreement will be determined by the GBM share price over the period that the services were provided,

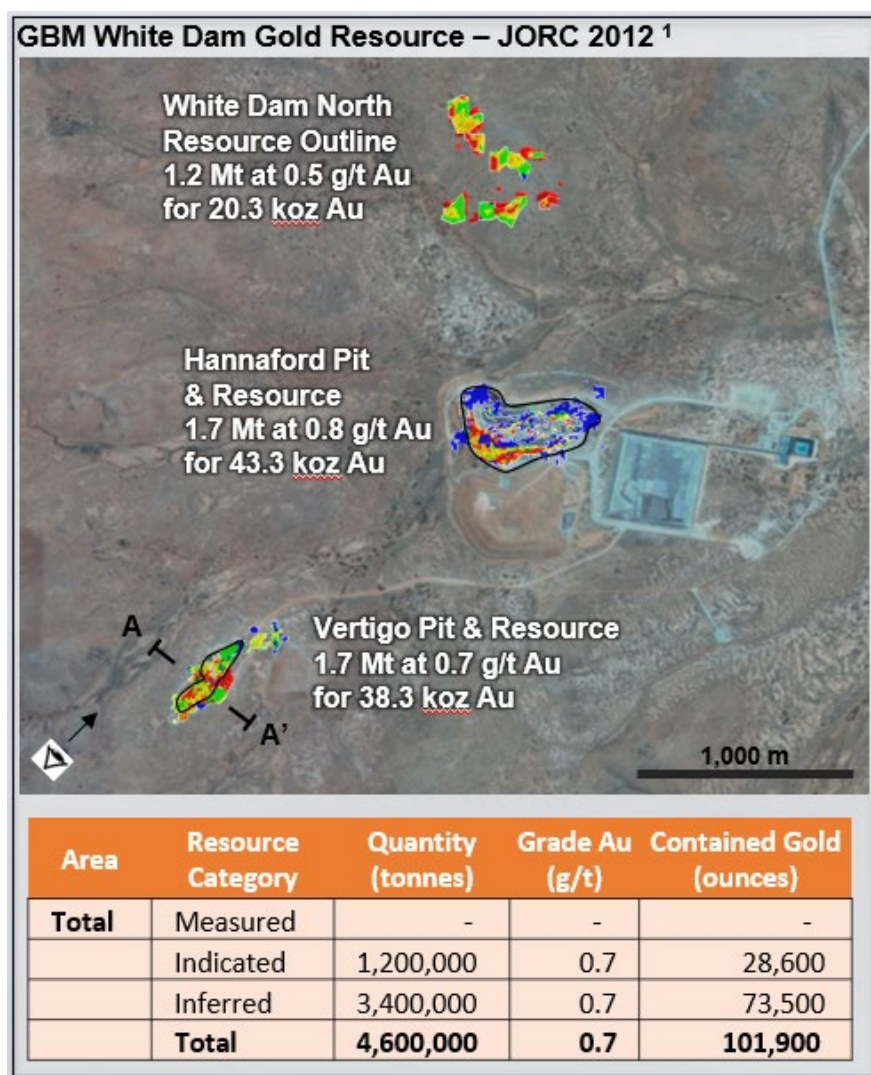
An Appendix 3B will be lodged following release of this announcement in relation to the proposed issue of the abovementioned securities.

Longer Term

Longer term, the Alliance will investigate the opportunity to combine the projects which may include a tolling agreement, joint venture, mining and funding options or outright sale.

White Dam Operation and Sale Update

GBM continues to advance projects at White Dam than can increase production and profitability at the site from the existing heap leach operation (remaining resources), as highlighted in this release and the 101,900 oz Au JORC resources that remain at the Project (Refer ASX:GBZ release 10 August 2020).



Project economics for further mining of the resources below the existing pits are encouraging in light of the significantly higher A\$ gold price. In addition, parallel discussions on the divestment of White Dam are continuing with interested parties. Further announcements will be made when other binding agreements are completed.

References:

1. Portia Resources <https://www.energymining.sa.gov.au/industry/minerals-and-mining/mining/major-projects-and-mining-activities/major-operating-and-approved-mines/portia>
2. North Portia Resources <http://portergeo.com.au/database/mineinfo.asp?mineid=mn732>

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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 - 56%) 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.

About Benagerie Gold & Copper Pty Ltd

Benagerie Gold & Copper Pty Ltd (BGC) owns the Portia Mine (100% interest in ML 6346), processing plant and resources at the Portia Gold Project in northeast South Australia in addition to some rights with respect to adjoining exploration licenses owned by Havilah Resources Limited (ASX: HAV).

CMC obtained full ownership of BGC in 2018.

Competent Persons Statement

The Company confirms that it is not aware of any new information or data that materially affects the information included in the respective announcements and all material assumptions and technical parameters underpinning the resource estimates within those announcements continue to apply and have not materially changed.

The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.

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	2.8	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	2.8	73,900	11,290	1.4	521,300	10,990	1.1	404,000	23,110	1.3	999,200	
Drummond Basin Total	944	2.6	80,100	19,739	1.5	943,200	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 (~70 m below surface)													
GBM Total												1,946,100	

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
- 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