

ASX Announcement
25 September 2020

Novo Resources Exercises 50% Option Over Malmsbury Gold Project

Highlights

- GBM Resources Limited (ASX:GBZ) (**GBM** or the **Company**) advises that its strategic partnership with Novo Resources Corp. (**Novo**) has been sealed with Novo's exercise of its Option to Purchase a 50% interest in the Malmsbury Gold Project (**Malmsbury**), located in the prolific Victorian Goldfields.
- The exercise consideration is the issue of 1,575,387 Novo shares to GBM at settlement which is subject to certain conditions relating to transfer of the Project interest. Current market value of the consideration is approximately A\$6.1 million¹. The Novo shares are escrowed for a period of 4 months from settlement.
- Novo has the right to earn an additional 10% interest in Malmsbury by incurring A\$5 million in exploration expenditure over a four-year period. If Novo does not incur the requisite earn-in expenditure profile during the earn-in period then its interest in Malmsbury will decrease to 49%.
- Novo is a TSX-V listed gold exploration and development company with a current market capitalisation of approximately C\$750 million. Its shareholders include Kirkland Lake Gold (TSX:KL), owner of the Fosterville Mine located 55 km north of the Malmsbury Project, Newmont Corporation (NYSE:NEM), the Creasy Group, Singapore-based IMC Group and well known Canadian mining entrepreneur, Eric Sprott.
- The orogenic gold mineralisation present at Malmsbury bears many similarities to ore deposits being mined at the nearby 8 Moz Fosterville Gold Mine. This goldfield is relatively underexplored by modern standards and is considered highly prospective for discovery of further significant gold mineralisation.
- Partnership with Novo is expected to greatly accelerate potential discovery and resource delineation timeframes at Malmsbury. The GBM and Novo teams will now use assembled base level data to design an integrated, district-scale exploration program for Malmsbury to drill test optimal sites for high-grade, Fosterville-like gold deposits. Drilling is expected to commence in early 2021 and forms part of the Retention Licence conditions.

GBM Managing Director and CEO, Peter Rohner, commented:

"GBM is pleased to be partnering with Novo to advance the exploration of the highly prospective Malmsbury Gold Project. The GBM and Novo teams view Malmsbury as one of the most prospective and underexplored high grade gold projects in the Victorian goldfields, displaying many of the geological characteristics of the Fosterville epizonal orogenic gold deposit located 58 kilometres to the north. Partnering with Novo allows GBM to accelerate exploration at Malmsbury while focusing the Company's own expenditure on its district-scale, flagship Mt Coolon Epithermal Gold Project in the Drummond Basin of Queensland. GBM is currently advancing a 5,000 metre drill program at Mt Coolon, which commenced in early September."

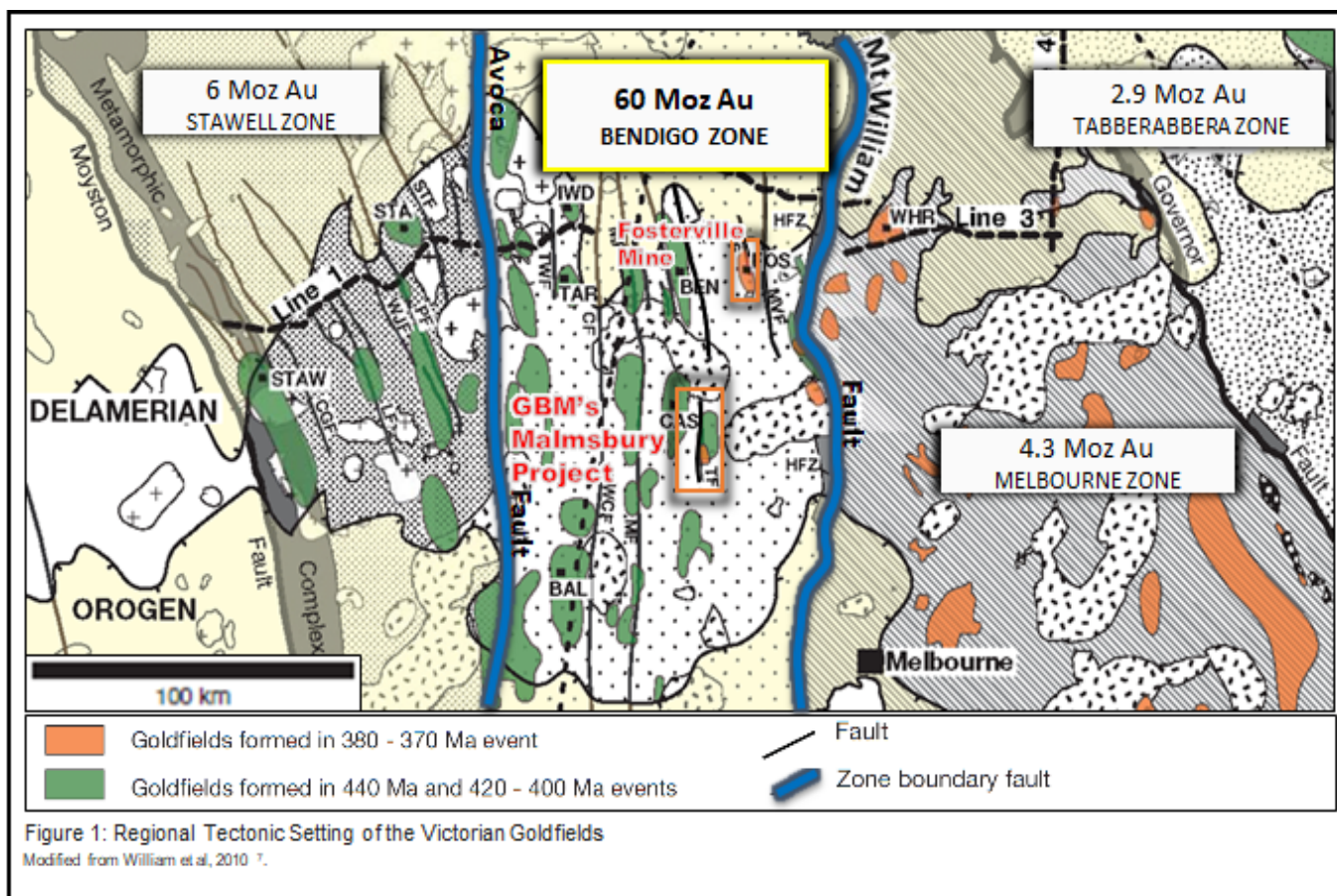
Novo Chairman and President, Dr Quinton Henning, commented:

"We are delighted to have exercised our 50% purchase option over the Malmsbury Project, following on from our share swap agreement with GBM earlier this year. Like the nearby Fosterville mine, Malmsbury is situated along the eastern margin of the Bendigo belt, displays high-level vuggy quartz vein textures, elevated antimony and high gold grades. Historic production from the main part of the Malmsbury district was delivered at very high grades. Through our recent option agreement covering the Queens project with Kalamazoo Resources, we have more than doubled our exposure to this high value target. We look forward to the path forward at Malmsbury with GBM."

1. Based on Novo 5 day VWAP at 24 September 2020 of CAD\$3.70 and CAD/AUD exchange rate of 1.054

As a GBM shareholder we also look forward to the rapid progression of the high-calibre Mt Coolon Gold Project and White Dam heap leach operation over the next 12 to 18 months.”

Figure 1: Regional Tectonic Setting of the Victorian Goldfields



Key Terms of Exploration Farm-In Agreement with Novo

1. Upon exercise of its Option to Purchase a 50% interest in Malmsbury and satisfaction of certain conditions, Novo has the right to earn an additional 10% interest by incurring A\$5 million (less up to A\$250 k to be reimbursed to GBM for expenditure incurred during the option period) in exploration expenditure over a four-year period.
2. Minimum annual earn-in expenditure is as follows:
 - i. At least A\$1 million in the first year;
 - ii. At least an additional A\$1.25 million in the second year;
 - iii. At least an additional A\$1.25 million in the third year; and
 - iv. At least an additional A\$1.25 million in the fourth year.

Earn-in expenditure incurred in a year which surpasses the minimum required amount shall be credited against the subsequent year.

3. If Novo does not incur the requisite earn-in expenditure profile during the earn-in period then its interest in Malmsbury will decrease to 49%.
4. Upon Novo reaching the A\$5 million expenditure requirement it will have the right to earn into a 60% interest in Malmsbury and initiate a joint venture with GBM.

5. For a 60-day period following the date on which the joint venture is initiated by Novo, GBM must elect to either:
 - i. Retain its 40% interest by contributing to 40% of exploration and development expenditure going forward; or
 - ii. Allow Novo to continue sole spending but with GBM's interest being diluted to 25% upon Novo delivering a preliminary economic assessment (PEA) within 3 years from the joint venture initiation date. This PEA must include, at minimum, a 1 Moz gold resource of which at least 60% must be in the Indicated classification.
6. In the event that GBM elects to dilute (i.e. option (ii)), Novo shall earn its additional 15% interest (taking it to 75%) from the date that it delivers the PEA and shall continue to fund all expenditure on Malmsbury up until a decision to mine is made. Subsequent to a decision to mine, GBM shall reimburse 25% of any development expenditure incurred by Novo from a maximum of 80% of Malmsbury cash flows.
7. Novo and GBM shall negotiate a royalty arrangement whereby, subsequent to a decision to mine, GBM will be entitled to receive a 2.5% net smelter returns royalty. Malmsbury is encumbered by certain pre-existing royalties; where such an encumbrance is present, Novo shall only be required to pay a 2.5% net smelter returns royalty in aggregate, with only any residual amount between pre-existing royalty rights and the 2.5% threshold being paid to GBM.

This ASX announcement was approved and authorised for release by:

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GBM confirms that it is not aware of any new data or information that materially affects the resource estimate and that all material assumptions and technical parameters underpinning the estimates in that ASX release continue to apply and have not materially changed.

About GBM Resources

GBM Resources Limited is a 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 a number of premier metallogenic terrains including the Drummond Basin, Mt Morgan district and the Mt Isa Inlier in Queensland, and the Malmsbury Project in the prolific Victorian Goldfields. These exploration assets are complemented by the recently formed JV on the White Dam Gold Operation in South Australia, in which GBM holds a 50% interest (in cashflow only).

Appendix A

Malmsbury Gold Project

Background

The Malmsbury Gold Project is located in the prolific Bendigo Zone of the Victorian Goldfields, an area that has historically produced in excess of 60 Moz of gold from alluvial and hard rock production (see ASX:GBZ release dated 2 March 2020).

Malmsbury displays many of the characteristics of the epizonal orogenic gold deposit class that includes Kirkland Lake's Fosterville Mine. The cumulative 8.5 km strike extent of historic pits and mines, and evidence of high-grade gold mineralization are indicators of a large, fertile mineral system. The 1 km long Leven Star Trend, where GBM has outlined a 104,000 ounce Inferred gold resource (see ASX:GBZ release, dated 4 July 2019), has only been drill tested to relatively shallow depths, with very limited modern exploration across the remainder of the goldfield.

GBM has engaged Global Ore Discovery consultants to undertake a hyperspectral alteration vectoring study from existing drill core and integrated analysis of all historic data, in order to design an exploration program and prioritize targets for planned field work.

Retention Licence

The Malmsbury Retention Licence RL006587 has been granted by Department of Jobs, Precincts and Regions (**DJPR**) for a period of 10 years from 23 June 2020.

The licence area covers a strike length of over 4.5 km and includes the 1 km long Leven Star Trend, where GBM has previously outlined a 104,000 ounce Inferred gold resource (820 kt at 4.0 g/t Au). This is in addition to nineteenth century gold production from the Drummond North and Belltopper Hill Goldfields. Available records from the Victorian Geological Survey database show approximately 100,000 oz of high-grade hard rock production from these fields.

Geological Characteristics of Malmsbury

Like Fosterville, Malmsbury is situated along the eastern margin of the prolific Bendigo zone that has produced over 60 Moz of alluvial and hard rock gold, an order of magnitude greater production volume than the adjacent terranes of the Victorian Goldfields (Figure 2). Tectonic analysis by the GBM and Novo teams suggests a confluence of geological features including the metallogenic gold endowment of Bendigo Zone basement rocks, structural setting and shallower depth of erosion along the eastern edge of this Zone has led to the preservation of the epizonal levels of the gold systems (Figure 3) in this area, which can host bonanza grade gold (antimony-arsenic) deposits.

Mineralization at Fosterville shows three distinct stages of gold deposition² including a dispersed fracture veinlet or disseminated halo of gold-arsenic mineralisation in the sandstone wall rocks in the upper levels of the deposit and gold-antimony and gold-only mineralisation hosted in quartz-carbonate veins in the higher grade sections of the deposit.

Initial analysis of Malmsbury drill core from earlier GBM and previous owner exploration, and recent preliminary analysis of quartz vein textures on mine dumps at Malmsbury, show evidence of both the wall rock gold-arsenic and the high grade gold phases associated with antimony mineralisation. Quartz vein textures, sulphide mineralogy and wall rock from historic mine dumps in the Belltopper section of the field show ribbon quartz-sulphide, altered wall rock breccia clast in veins, vugs, and veins with trails of pyrite-stibnite and needle-like arsenopyrite (Figure 4). These vein textures and sulfide species are characteristic of the high level epizonal class of orogenic gold deposits.

Historic Gold Production from Malmsbury

Nineteenth century gold production was often not systematically documented in Australia, however available records³ from the Victorian Geological Survey database show approximately 100,000 oz of high-grade hard rock gold production from the Malmsbury Project area that covers the historic Drummond North and Belltopper goldfields (Figure 5).

In the Drummond North field, approximately 76,000 ounces at +18 g/t Au of production was recorded from O'Connor's and Queens Birthday mines. The O'Connor's mine appears to have exploited a number of probable narrow parallel lodes. The last 225 tonnes of ore extracted from the 770 ft (235 m) level, before it flooded, yielded 260 ounces of gold at a grade of approx. 36 g/t Au and record the lode open to depth and well mineralised with gold-antimony.

Records show smaller scale but very high-grade gold production from the Belltopper goldfield, with an average grade of recorded production of approx. 87 g/t Au and 65 g/t Au for the Panama Mine and Belltopper Tunnel respectively. Reports also reference significant antimony associated with the gold mined at the Panama Tunnels where grades of up to 15 ounces per ton with antimony are recorded³.

Malmsbury Exploration Program

The program of work and milestones agreed with DJPR will require expenditure of A\$4.7 million over the initial ten-year period. Exploration activities have commenced with core from historic drilling programs being collected from other sites and moved to GBM's core shed for relogging and additional sampling of previously unrecognized mineralized zones.

Planning of the Stage 1 exploration program has been completed and field activities commenced in August 2020. Other work to be completed in this program will include geological mapping and sampling, digital reconstruction of previous mines from historic data, soil surveys, drilling and metallurgical testwork.

During August and September 2020, in anticipation of Novo exercising the Malmsbury Agreement, GBM has been advancing the community engagement process with landowners at the project and, in collaboration with the Novo team, designed and commenced an initial exploration program at Malmsbury that includes:

- Airborne LIDAR DEM and high-resolution imagery of the full RL;
- Detailed mine dump rock chip sampling for hyperspectral alteration modeling and gold and path finder element assaying; and
- Orientation soil sampling to test low detection limit geochemical analytical techniques combined with hyperspectral alteration analysis of the soils with CoreScan.

Relogging of the historic Malmsbury drill core is also in progress focusing on;

- Extending the assay sampling where previous reported gold intersections are terminated in gold mineralisation or sections of core with potentially mineralised veining or disseminated sulfides were not sampled;
- Systematic hyperspectral alteration analysis; and
- Logging of the vein textures and mineralisation phases.

In combination the results from this phase of exploration will be used to select optimal sample techniques and sample densities for a project-wide sampling program and identify alteration zoning systematics to inform vectoring models to mineralisation. The detailed LIDAR digital elevation model and high-resolution imagery will provide a project-wide base for mapping of the historic working and the structural and geological controls on high grade mineralisation.

The Novo and GBM teams will collaborate to use this base level data to design an integrated district scale exploration program for Malmsbury to target the optimal sites to drill test a high-grade Fosterville like gold deposit.

GBM is looking forward to working with the Novo team and Dr Quinton Henning, Novo's Chairman and President, who has significant global experience in orogenic gold systems, to accelerate exploration at the Malmsbury Project.

Consolidation of the Malmsbury – Drummond North Goldfield by Novo

Novo has also recently announced (see Novo release dated 22 September 2020 and ASX:KZR release dated 23 September 2020) a similarly structured option to purchase and earn-in agreement with Kalamazoo Resources for the Queens Project (see Figure 5) surrounding GBM's Malmsbury Retention Licence.

Should Novo choose to exercise the Queens Project option, it will have consolidated a 22 km² area centred on the Malmsbury Retention Licence, potentially covering 100% of the historic Malmsbury – Drummond North goldfield. It will also hold a significant strike extent of the regional-scale Taradale fault zone, thought to have played an important role in localising gold mineralisation in the region.

The consolidation of the goldfield under one company will facilitate a systematic district-scale exploration approach of this underexplored high-grade goldfield.

2. Voisey C.R., Tomkins A.G., Wilson C.J.L., Micklethwaite S., Willis D., Salvemini F., Bougoure J., and Rickard W.D.A. 2020. "Aseismic refinement of orogenic gold systems". *Economic Geology*. 115 (1): 33-50.
3. Baragwanath, W. and Dunn, E.J., 1907. *The Lauriston-Drummond North Gold-Field*. Melbourne: Dept. of Mines.

Figure 2: Malmsbury gold project Bendigo Zone, Victorian Goldfields

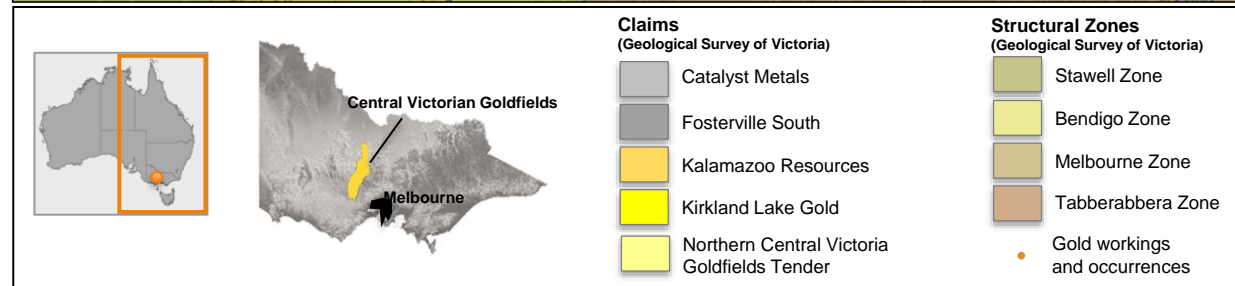
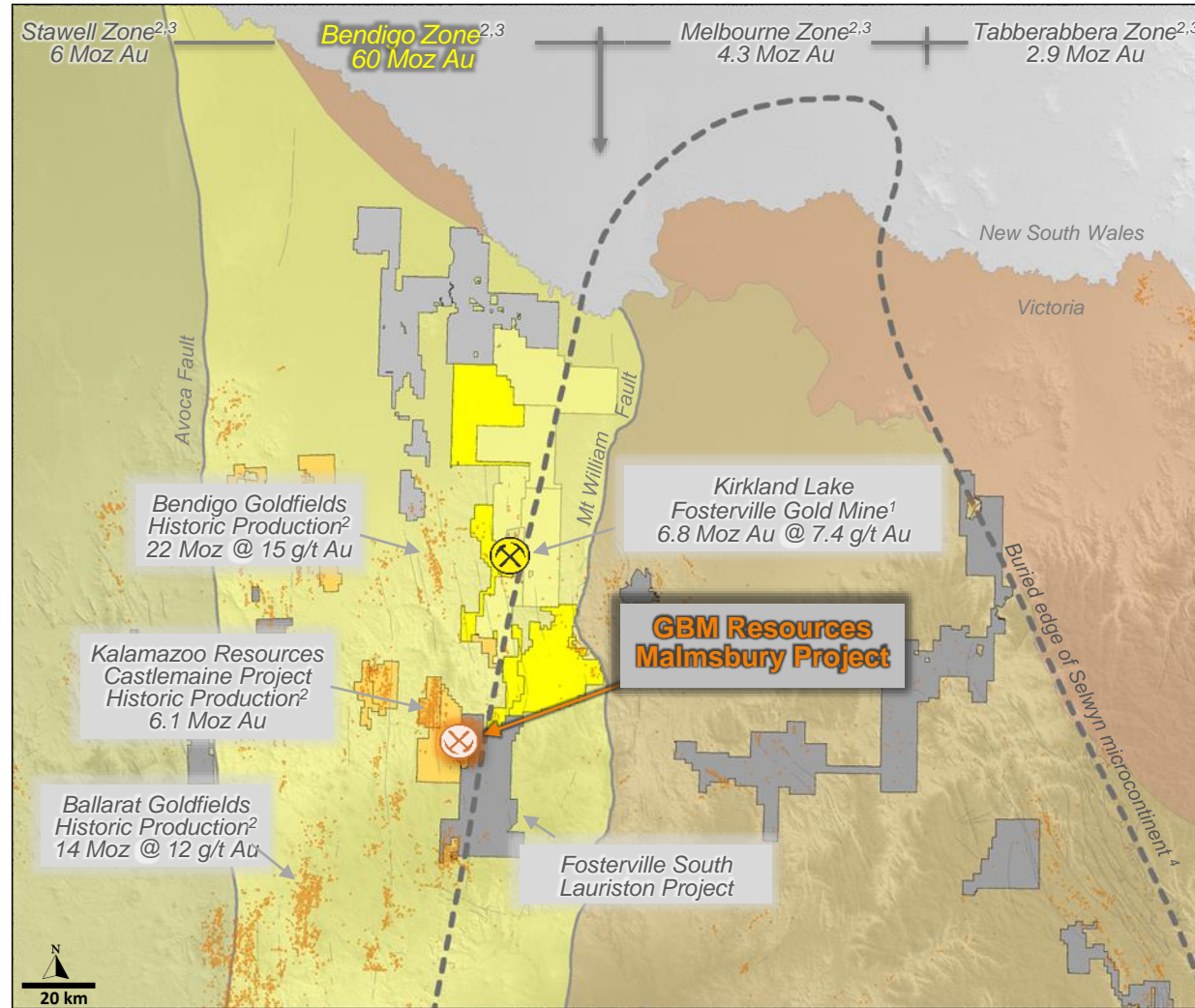
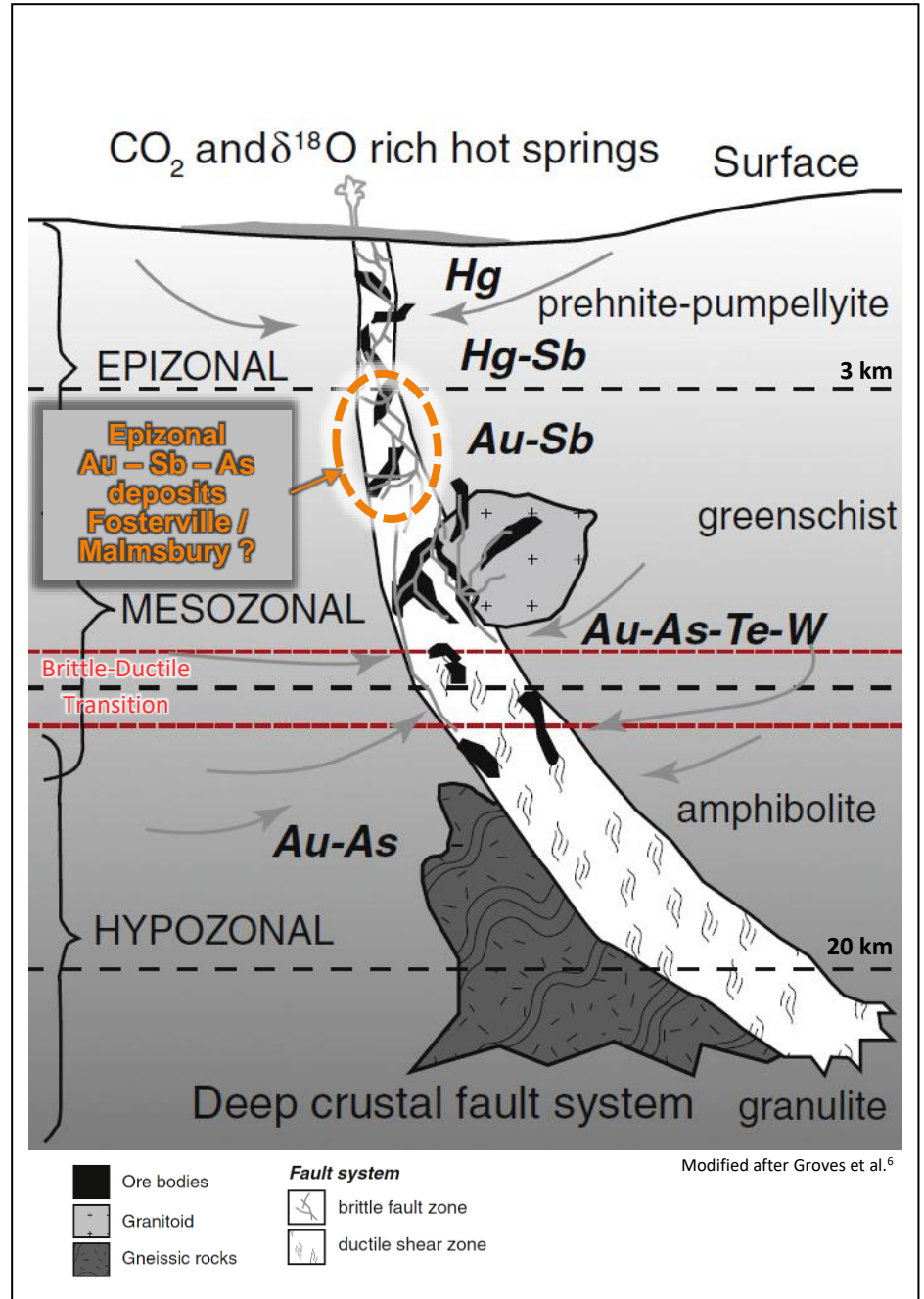


Figure 3: Orogenic gold deposit model



1. Kirkland Lake Gold Fosterville-Gold-Mine-Victoria-Australia-Updated-NI-43-101-Technical-Report-Apr-1-2019

2. Geological Survey of Victoria

3. Structural Zones after Melbourne-Mining-Club_Cutting-Edge-May-16-2017_Cayley.pdf

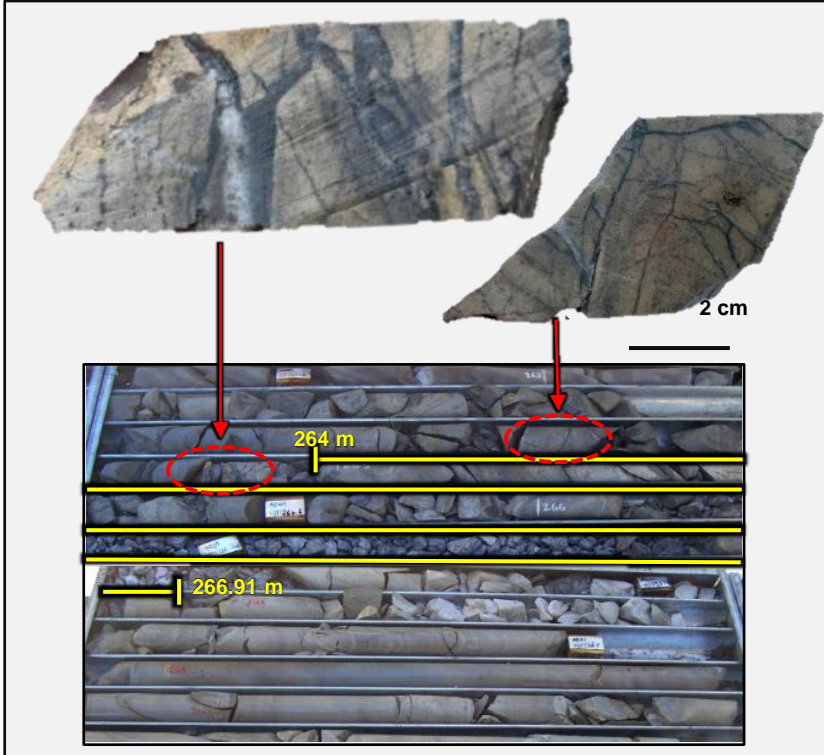
4. Cayley, R.A., 2011, 'Exotic crustal block accretion to the eastern Gondwanaland margin in the Late Cambrian-Tasmania, the Selwyn Block, and implications for the Cambrian-Silurian evolution of the Ross, Delamerian, and Lachlan orogens' in Gondwana Research

5. GBM ASX Announcement, 31 March 2020, Strategic Malmsbury JV with Novo Resources and A\$1 million placement with the EuroPac Gold Fund

6. Groves, D.I., Goldfarb, R.J., Gebre-Mariam, M., Hagemann, S.G., Robert, F., 1998. Orogenic gold deposits—a proposed classification in the context of their crustal distribution and relationship to other gold deposit types. Ore Geology Reviews 13, 7–27.

Figure 4: GBM Malmsbury project mineralisation and vein textures, characteristic of epizonal orogenic gold deposits

Leven Star Reef – Drill core mineralisation textures



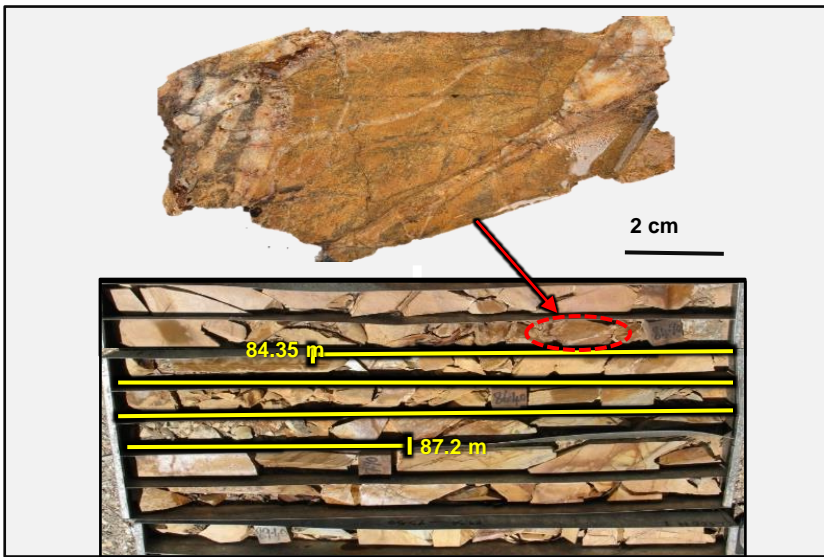
**Leven Star Reef
Drill Hole MD01**

From 264.9 to 266.1 m
Arsenopyrite-pyrite-gold mineralisation
in multi-phase quartz fracture veinlets
and disseminated in metasandstone
wall rock

1.2 m at 17.7 g/t Au, 11700 ppm As,
125 ppm Sb

From 264.0 to 266.91 m
Zone of vein fracture and vein breccia
with arsenopyrite-pyrite-gold
mineralisation

3 m at 12.0 g/t Au, 5050 ppm As,
60 ppm Sb



**Leven Star Reef
Drill Hole LSDDH1**

From 84.35 to 85.5 m
Banded quartz vein with stibnite-
arsenopyrite gold mineralisation
hosted in metasediment with
disseminated arsenopyrite-pyrite-gold

2.65 m at 17.9 g/t Au, 1100 ppm As,
2150 ppm Sb

Mine dump samples - Belltopper Goldfield



Belltopper Hill

Crustiform banded
quartz vein with iron
oxide (after sulphides)
and central zone of
vein breccia with wall
rock clasts



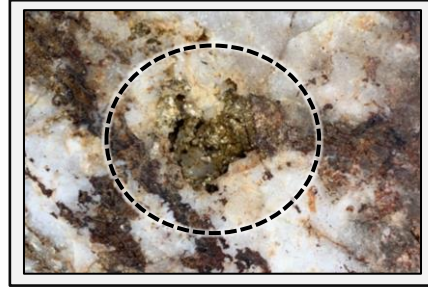
Belltopper Hill

Ribbon textured vein
quartz with fine
grained arsenopyrite
layers



Belltopper Hill

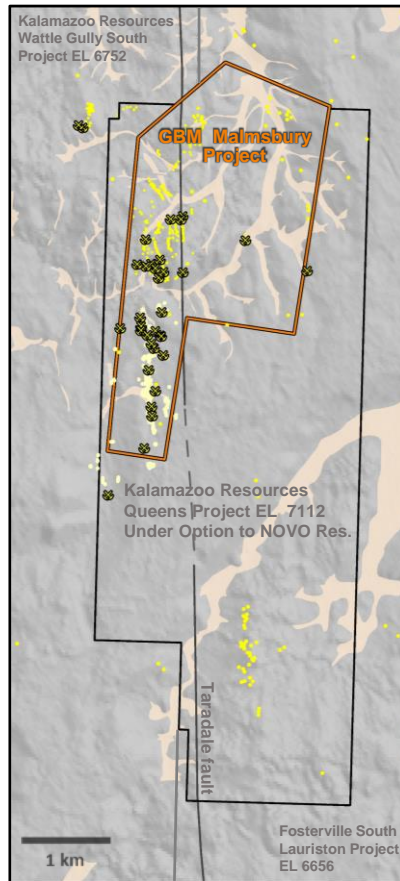
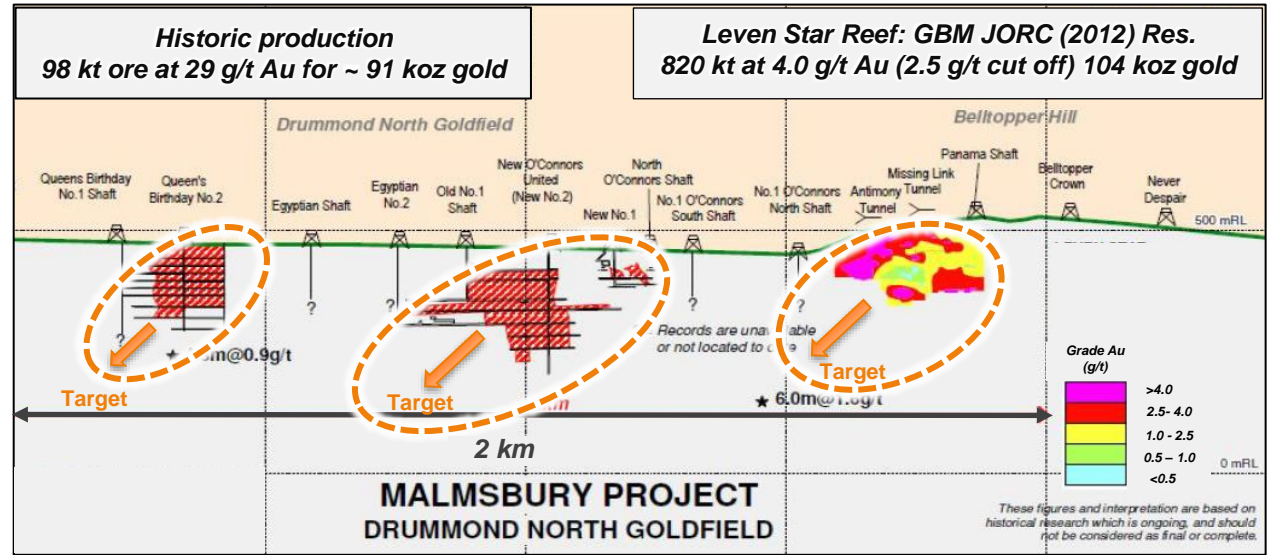
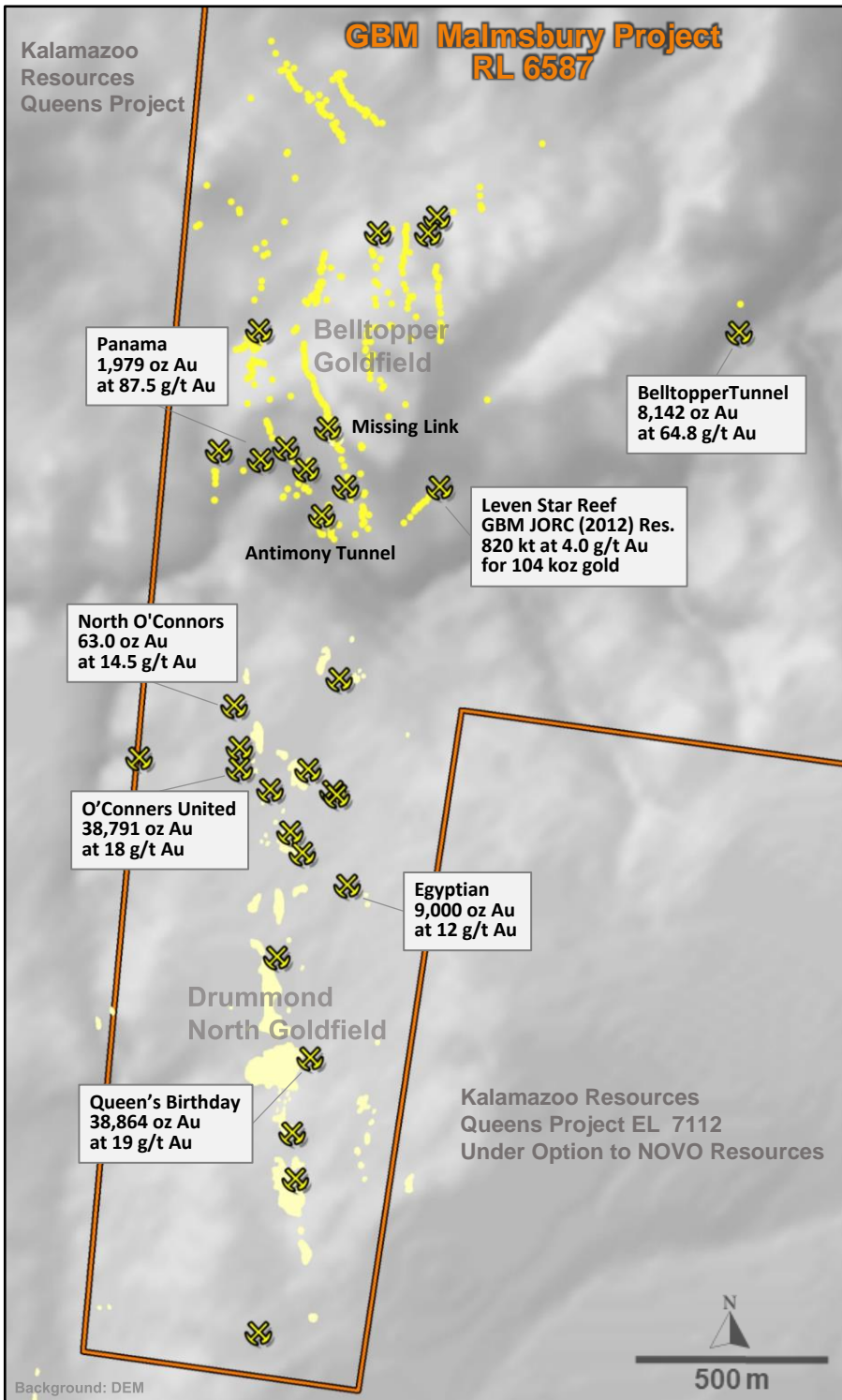
Quartz sulphide vein
with trails of
arsenopyrite-pyrite
and fine-grained
needles of
stibnite/arsenopyrite



Belltopper Hill

Multi-phase quartz
vein with crystal lined
vugs and laminated
wall rock selvage
bands

Figure 5: Belltopper and Drummond North Goldfield mines location and historic production



Malsbury Historic Production

Mine	Gold Prod. (oz)	Tonnes	Avg. Grade (Au g/t)	Depth (m)
Queen's Birthday	38,864	c. 40,000	19	178
Egyptian	9,000	15,000	12	150?
O'Conner's United	38,791	43,322	18	265
North O'Conner's	63	130	14.5	73
Panama	1,979	700	87.5	80
Missing Link*	-	-	180	50
Belltopper Tunnel	8,142	3,908	64.8	35

*Missing Link: early shallow workings avg. 6 oz/t Au, crushed at Fryerstown mill

