

ASX Announcement

18 October 2016

GBM Secures AUD \$10 Million Loan Agreement for Mt Coolon

- **Loan agreement executed with National Federal Capital, totaling AUD\$10 million.**
- **Funds will be used to accelerate the redevelopment of Mt Coolon Gold Project in Queensland.**

GBM Resources Limited ('GBM' or 'the Company') is pleased to announce it has entered into a AUD\$10 million Loan Agreement with National Federal Capital Ltd (NFC) to advance the redevelopment of the Company's wholly owned Mt Coolon Gold Project in Queensland.

NFC is a UK based independent and privately owned Financial Services group whose principal activities are in retail unit trusts and management of funds on behalf of various financial institutions.

The Eugenia Scoping Study demonstrated the positive project economics of heap leaching the oxide resource and has the potential to generate a strong positive cash flow and growth opportunities (refer ASX release 23 August 2016).

Further exploration works are currently being completed in parallel with the Eugenia Deposit with a focus on investigating development options including the potential for near-term production at the Koala and Glen Eva gold resources at Mt Coolon.

The Company expects to be in a position by December 2016 to finalise its redevelopment plan of Mt Coolon Gold Project.

ASX Code: GBZ

COMPANY DIRECTORS

Peter Thompson
Managing Director/ Executive
Chairman

Neil Norris
Exploration Director – Executive

Hun Seng Tan
Non-Executive Director

CONTACT DETAILS

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Key Terms of the Loan Agreement are:

1. Advance
 - Tranche 1 - AUD\$5 million on or before 21 November 2016.
 - Tranche 2 - AUD\$5 million on or before 28 February 2017.
2. Repayment
 - Tranche 1 - Loan repayment is repaid to NFC by the delivery of a total of 6,057 ounces of Gold, in equal instalments over four quarters of 1,514.25 ounces per quarter commencing 30 November 2018.
 - Tranche 2 - Loan repayment is repaid in cash in equal instalments of AUD\$2.5 million per quarter over four quarters commencing 30 March 2019.
3. Interest
 - The Loan is not interest bearing.
4. Security
 - The Loan is unsecured.
5. Conditions
 - Completion of due diligence on or before 21 November 2016 in respect of GBM by NFC to its satisfaction;
 - no Event of Default or potential Event of Default and no material litigation, arbitration, administrative proceedings or disputes occurring or having occurred with respect to GBM.

The Loan Agreement has the usual representations and warranties and is subject to a success and cost fee of up to 8% on each tranche advanced.

The key objective of GBM is to become a gold producer in the near-term and securing this funding level supports the redevelopment of the Company's flagship Mount Coolon Gold Project.

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

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