

3 May 2016

Priority IP Drill Target at Koala Gold Mine, Mt Coolon Gold Project, Qld

- **Strong coincident IP and magnetic anomalies at Tower Hill prospect, Mt Coolon Gold Project.**
- **Collaborative Drilling Grant awarded by Qld Government to test the Tower Hill IP/magnetic anomaly.**
- **Interpreted en-echelon¹ structural setting opens an opportunity for discovery of high-grade gold mineralisation north and south of the Koala Lode.**
- **Identification of this target early in the regional evaluation provides strong support for the potential of the Koala Vein System to yield further very significant gold discoveries.**

Australian resources company **GBM Resources Limited** (ASX: **GBZ**) (“**GBM**” or “**the Company**”) is pleased to announce confirmation of a previously untested, high-priority drill target adjacent to the Koala Lode system within the Company’s Mt Coolon Gold Project.

A review of existing geophysical data has highlighted a coincident and intense IP chargeability and resistivity anomaly partly overlapping a discrete, linear magnetic low (‘Tower Hill Prospect’). A structural interpretation indicates the IP target may represent a fault offset continuation of the Koala Lode system of similar scale to Koala.

The Koala Lode is interpreted to represent a low-sulphidation high grade epithermal system. Recently released near-mine exploration targets (*refer ASX release dated 21 April 2016*) have the potential to add a further 24,000 to 75,000 ounces, bringing total endowment of the Koala Lode to over 360,000 ounces of gold.

¹ “En –Ehelon” – defined as closely spaced, parallel or sub-parallel mineral filled lenses within a body of a rock.

ASX Code: **GBZ**

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Mount Coolon Gold Mines Pty Ltd (a wholly owned subsidiary of GBM), was awarded a collaborative drilling grant as part of the Queensland Government 'Future Resources Program'. The grant supports the direct drilling costs up to a maximum of \$90,000 for three holes at Koala; two to test the Tower Hill IP/magnetic anomaly and one to test for northern extensions of the Koala Lode. The approved program consists of RC pre-collars and diamond tails up to 1,800m total drilling metres. Final collar positions will be determined following further review of historic geophysical and drilling data. All drilling must be completed by December 2016 with final reporting submitted to the Department 3 months after project completion.

Tower Hill

The Tower Hill prospect is located to the north-east of the Koala open pit. Detailed IP surveying revealed a moderate to strong IP chargeability and resistivity response correlating with the full length of the Koala lode. A similar, more intense, and deeper chargeability/resistivity anomaly was also detected at Tower Hill. The Koala and Tower Hill linear anomalies are approximately parallel, separated laterally by 500m. An intense magnetic low is partially coincident with the Tower hill IP feature, possibly representing magnetite destruction induced by hydrothermal fluids (Figure 1 below).

Simple structural interpretation of the geophysical data and known lode geometry at Koala defined a set of NW-trending faults. This fault set is interpreted to offset the mineralising system producing an 'en-echelon' geometry along the margin of the adjacent Manaman intrusive. The Tower Hill prospect forms one of these en echelon structures. Previous drilling at Tower Hill consists of a dozen shallow (50m) RAB holes which likely did not penetrate overlying rhyolite to the prospective andesite gold host.

Inversions of IP chargeability data indicate an approximate depth to the top of the anomaly of between 150-200m. This depth estimate will reflect the sheet of rhyolite that crops out at the north end of the Koala pit and dips shallowly and thickens to the north-east. If the IP anomaly at Tower Hill represents an offset extension of the Koala Lode, it will be entirely obscured by the overlying rhyolite, hence a 'blind' target which would have been 'invisible' to previous prospecting and shallow exploration drilling.

The IP survey was completed at Koala in 2008 by Planetary Geophysics using a Pole-Dipole array with 50m dipole spacing to $n=10$. Equipment used for the survey consisted of a GDD Instrumentation GRx16 receiver and an Iris Instruments VIP5000 IP/Resistivity transmitter. All measurements were made in the time-domain using a two second half-duty cycle.

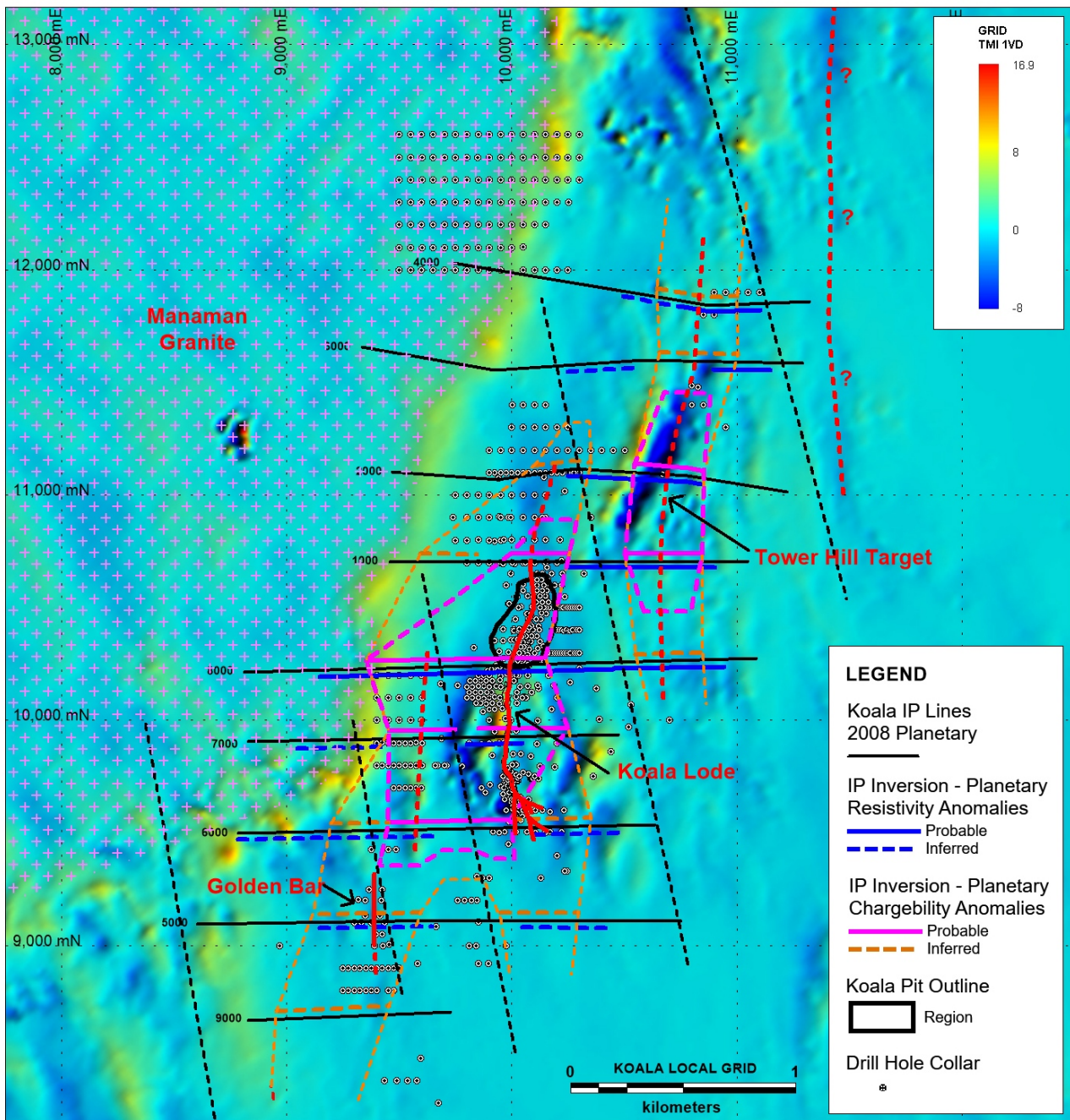


Figure 1: Koala project area showing interpreted en echelon offset geometry of mineralised lode structures, including Koala, at the eastern margin of the Manaman granite. IP chargeability and resistivity anomalies were picked from 2D inversions of raw data. Background image is first vertical derivative (1VD) of TMI magnetic data. Local Koala grid.

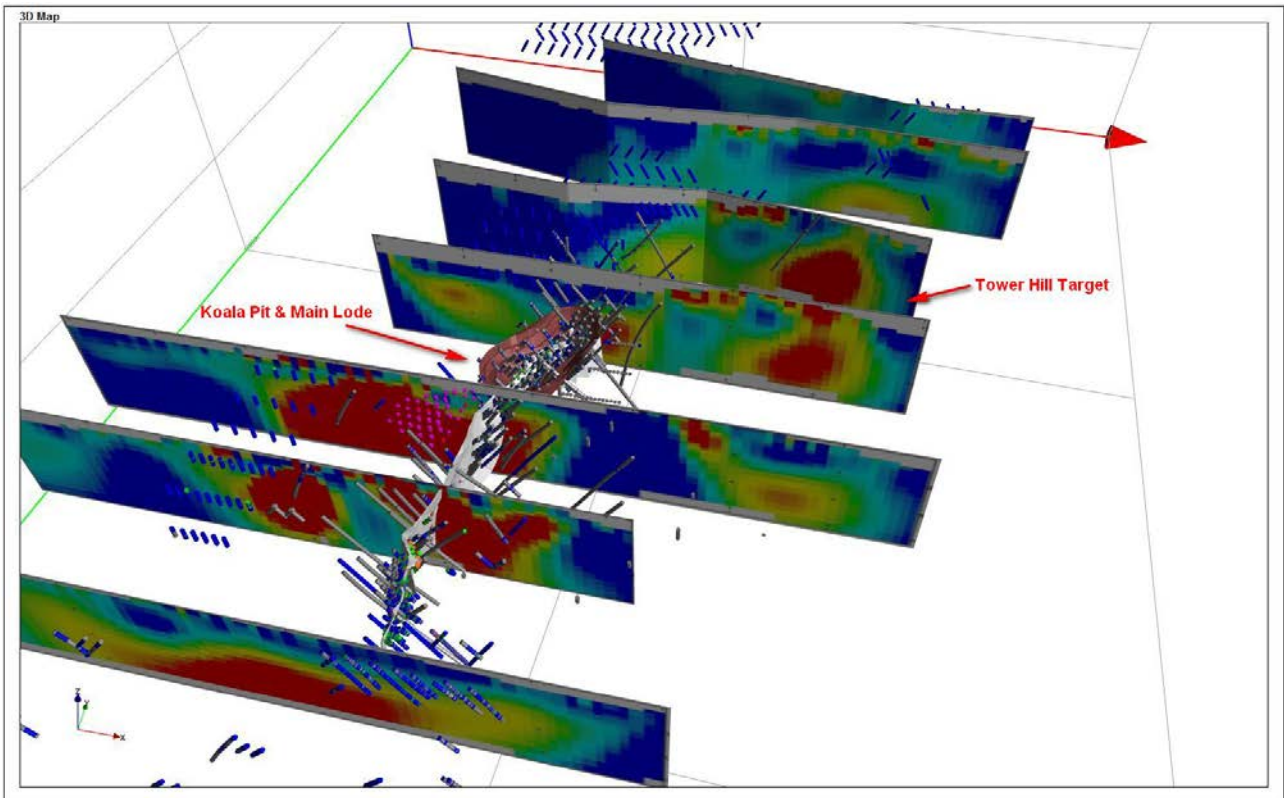


Figure 2: 3d oblique view to local grid north-north-west (MGA north-west) of Koala project area. 2d IP chargeability inversions shown highlighting chargeable response of the Koala main lode (light grey solid, pink pit outline) and parallel en echelon anomaly pattern. Strong chargeable response on multiple sections east of Koala Lode is the Tower Hill anomaly. Northern two sections show increasing depth to the anomaly which may represent overlying rhyolite thickening to the north.

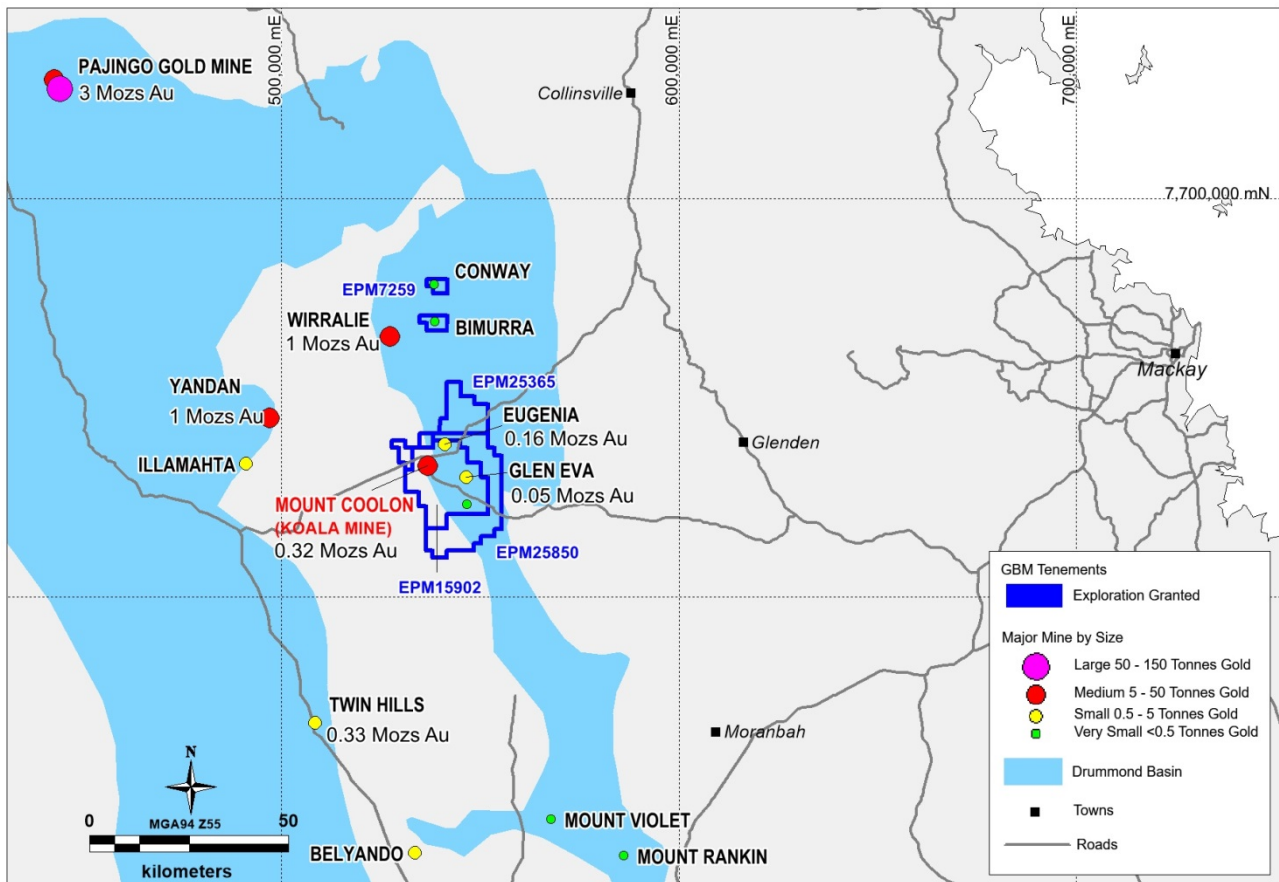


Figure 3: Mt Coolon project tenement group location plan.

The project is located 250 km west of Mackay in Queensland in the northern Drummond Basin. The Drummond Basin is an established gold mining region with past production of more than 4.5 Mozs and a total known gold endowment of over 7.5 Mozs of gold. Deposit styles range from bonanza grade epithermal veins (eg. Pajingo 3.0 Mozs) to bulk tonnage intrusive related gold deposits (eg. Mt Leyshon 2.1 Mozs).

Forward Programme

The Company will continue its evaluation of the known mineralising systems which includes Koala, Glen Eva and aims to complete by the first half of 2016 a Scoping study evaluating the potential benefit of heap leach gold extraction from known oxide Resources at Eugenia Deposit and also potential for heap leach at the Bimurra, Koala or Glen Eva areas.

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About GBM Resources

GBM Resources Ltd (ASX: GBZ) is an Australian resource company that listed on the ASX in 2007, headquartered in Perth WA, with exploration operations in Victoria and Queensland.

The Company's primary focus is in key commodities of gold and copper-gold, assets in Australia. GBM tenements cover an area greater than 4,300 square kilometres in eight major projects areas in Queensland and Victoria.

GBM is prioritising the exploration and development of the Mount Coolon Gold Project and Mount Morgan Gold Copper Project.

Notes

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Neil Norris, who is a Member of The Australasian Institute of Mining and Metallurgy and The Australasian Institute of Geoscientists. Mr Norris is a full-time employee of the company, and is a holder of shares and options in the company. Mr Norris has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Norris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.

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 estimate with those announcements continue to apply and have not materially changed.