29 July 2009

The Manager
Company Announcements
Australian Securities Exchange Ltd
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Dear Sir,

Update on the Malmsbury Gold Project, Vic

Results from systematic soil sampling at the Malmsbury Gold project continues to support the conclusion that the system is related to a buried intrusive at depth. The extent of the system is interpreted to be in excess of 4km in strike length.

The Malmsbury Project has historically been reported as two adjoining areas;

1. **Belltopper Hill**
   Belltopper Hill currently hosts numerous zones of gold mineralisation as disseminations in shears and faults including the Leven Star Prospect which has a JORC compliant resource of 0.8Mt containing an estimated 104,000 ounces of gold at an average grade of 4.0 g/t Au. This deposit is open both at depth and strike.

2. **The Drummond North Goldfield (adjoins Belltopper Hill)**
   The Drummond North Goldfield mined during the 1880's yielded over 90,000 ounces of gold from hardrock mining, and an unknown quantity of gold from extensive alluvial areas.

Soil sampling has defined a coherent Gold-Molybdenum-Bismuth anomaly at Belltopper Hill with spatially related and overprinting Gold-Arsenic-Antimony anomalism. Interpretation of this data further supports the conclusion that the Malmsbury gold system is related to a buried intrusive centre at depth. The significance of this is that Intrusive Related Gold Systems have a pedigree for delivering world class deposits. On a district scale the hydrothermal system analogy would include the Fosterville Gold Mine, owned and operated by Northgate Minerals with a current resource base of 3.0M ounces.

The company plans to drill a 1 kilometre deep diamond drill hole in the December quarter to test the potential for a large tonnage intrusive deposit on Belltopper Hill. This drill program will be partly funded by the grant from the Victorian Department of Primary Industries which the company successfully secured last year.

A technical summary of the soil sampling follows.

Yours Sincerely

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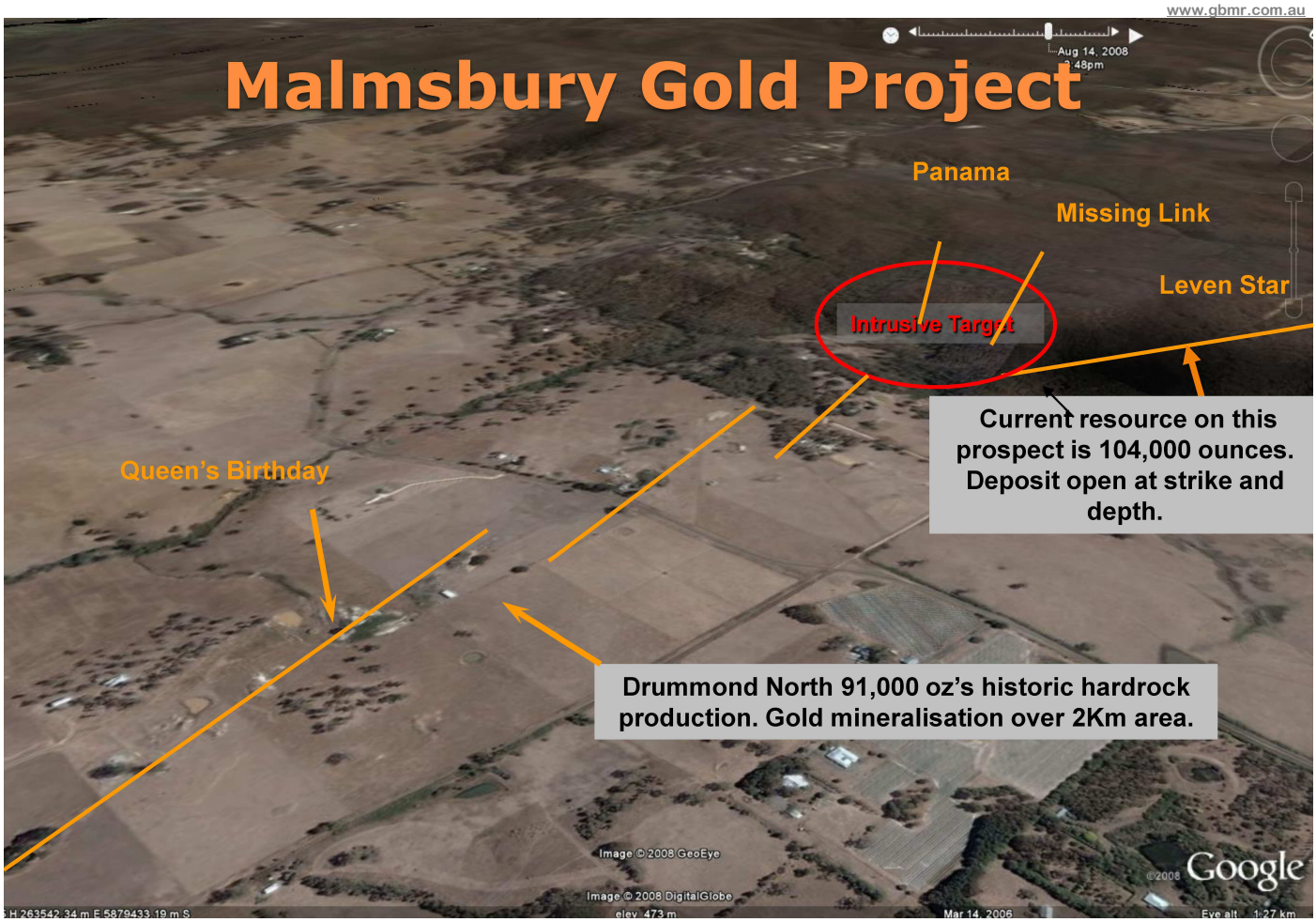


Geological Review

Belltopper Hill is a prominent landform resulting from the resistive nature of the metamorphism and silicification of the area. These features have been interpreted to indicate the emplacement of a granitic intrusive below Belltopper Hill, This interpretation is supported by the existence of a subtle magnetic high over the area. This feature was interpreted from high quality airborne magnetic survey data available as part of the Victorian Governments VIMP initiatives.

Soil sampling has been completed to define the extent and distribution of key economic and pathfinder elements (in particular Au, Sb, As, Mo, Bi and Cu) in the central and northern 2.0 kilometres of the project area. This will in turn assist in targeting scout drilling to probe the deeper parts of the system for large mineralised zones within or proximal to an intrusive body. The initial phase of this drilling will be completed with assistance from a grant received by the company as part of the Victorian Governments Rediscover Victoria Drilling Initiative. GBM Resources target is bulk mineable high value gold mineralisation.

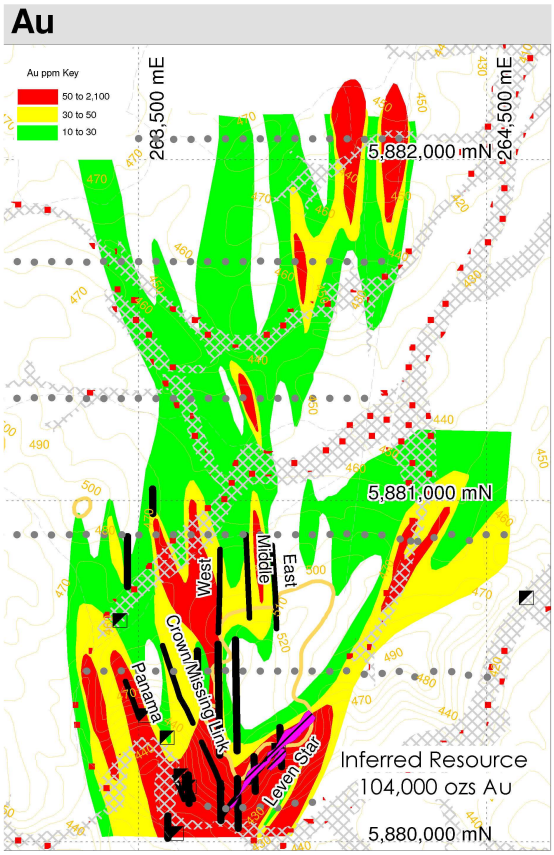
The initial soil sampling programme involved collection and analyses of 175 soil samples on a 50 metre by 400 metre grid over the readily accessible areas of Belltopper Hill. Samples were sieved to -80 mesh (200µm) and analysed for a broad suite of 12 elements by AMDEL method ARM20. This broadly spaced programme was designed to outline the extent of mineral enrichment in the area. Results have been hand contoured to reflect known controls on mineralisation where possible, and are presented for Au, Mo Bi As, and Sb on the attached figures.

Significant trends at Malmsbury are summarized below and illustrated on the attached figures;

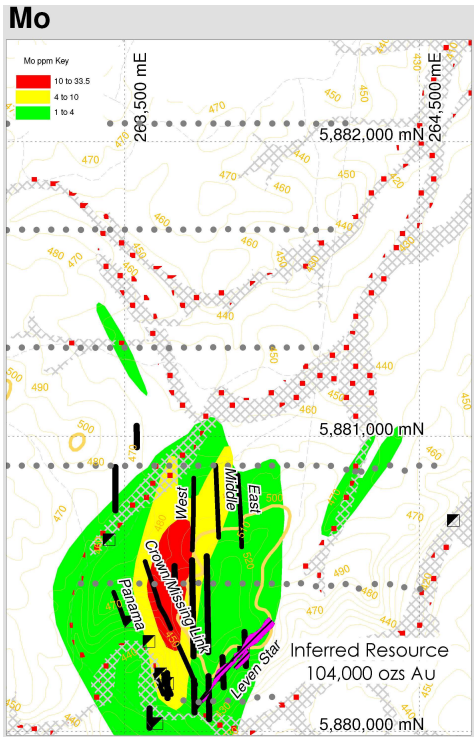
- **Gold defines a strong anomaly at 50 ppb centred on the intersection of known mineralisation but trending north wards to areas not previously drill tested.** At low levels (10ppb) this anomaly is

continuous over the 2.0 kilometres covered by the initial survey and remains open to both the East and West. Peak values for Au was 1600ppb Au.

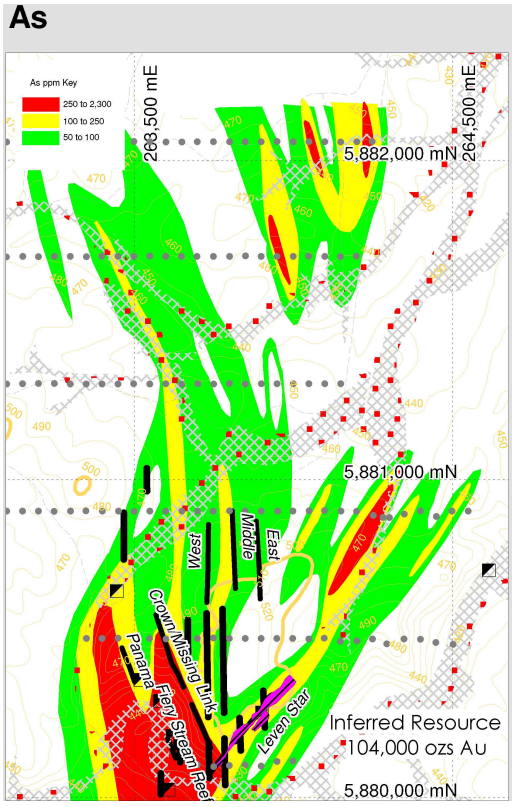
Arsenic defines a very similar pattern to gold, both reflecting the strong structural controls known to operate in the area.



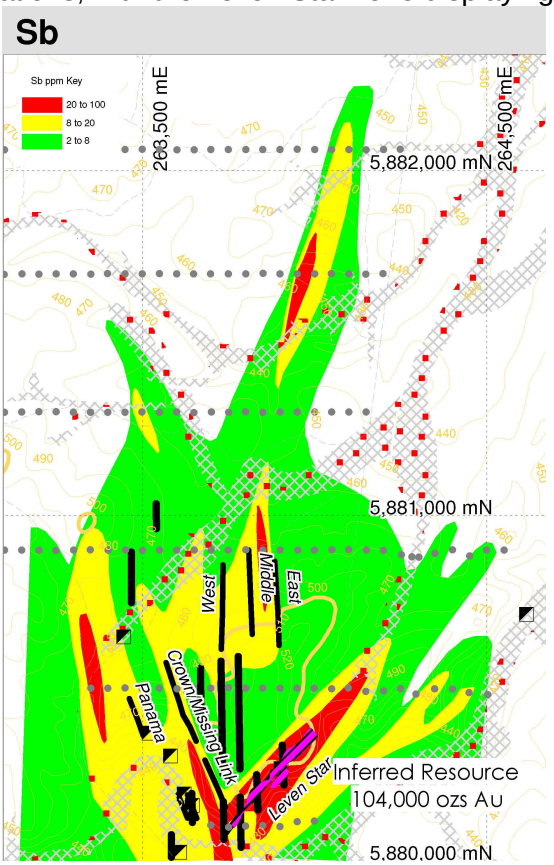
- **Molybdenum defines a discrete ovoid pattern centred near south east margin of the magnetic feature, and very close to the Missing Link mineralised zone**. Values range from 1 to 33 ppm Mo.



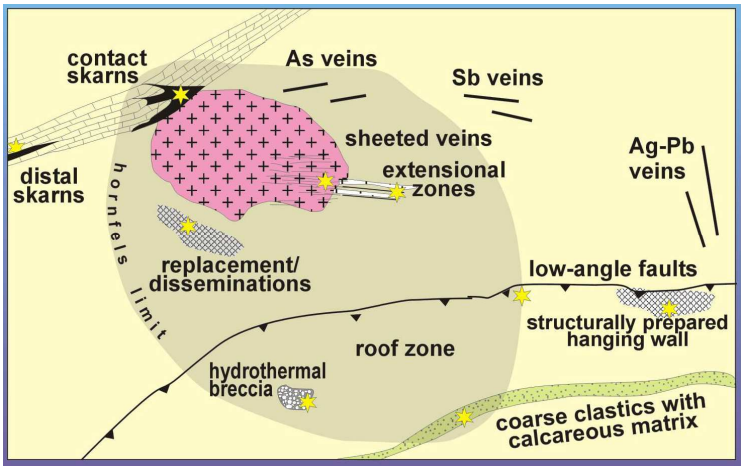
- **Bismuth distribution pattern very closely reflects molybdenum**, and also defines a coherent feature centred on the same area as the Molybdenum anomaly.



- **Antimony (Sb) closely follows the Au distribution pattern**, however Sb is much more tightly constrained at higher concentrations, with the Leven Star zone displaying the largest Sb anomaly.



The broader distribution of Au, As and Sb is related to structurally hosted mineralisation. This comparison is consistent with the expected metal zoning in these systems where a central region of anomalous Au, Mo and Bi (intrusive centre)Is surrounded by a series of fractures, shears and faults that display more peripheral geochemistry of As, Sb and Au. A schematic representation based on similar styles of systems, including several significant deposits, occurring in the Yukon Region of Canada is shown below.



Geological observations made during the soil sampling programme added to our existing knowledge of the area as recent bushfires had removed weed growth allowing many old workings to be observed for the first time in many years. Of particular interest was the extent of workings over some 500 metres of strike on the Missing Link Zone.

Further sampling to establish the gold distribution in the Missing Link and other mapped mineralised zones is warranted. This data in conjunction with previously data will form the basis for drilling later in 2009. Malmsbury is interpreted as a typical zoned Intrusive Related System with potential for bulk mineable gold mineralisation.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Neil Norris, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Norris is a full-time employee of 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 2004 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.

* *Lang & Baker 'Intrusion Related Gold Systems: the present level of Understanding', Mineralium Deposita36:477-489, 2001.*