

ASX Announcement
11 June 2013

GBM Signs Binding Term Sheet to acquire Interest in Malaysian Gold Mine

Highlights:

- **GBM Signs Binding Term Sheet with Malaysia company, Angka Alamjaya Sendirian Berhad (AASB) to recommission the Lubuk Mandi Gold Mine in Peninsular Malaysia.**
- **GBM and AASB agree to undertake a share swap in which GBM will acquire approximately 40% of AASB by issuing 15% of ordinary shares in GBM.**
- **GBM and AASB plan to develop the Lubuk Mandi Gold Mine and recommence mining operations.**
- **Exploration target for the Lubuk Mandi project is estimated to contain between 174,000 and 443,000 oz of gold.¹ (See Table 1)**
- **The development plan will focus on the retreatment of the tailings dam followed by the recommencement of hard rock mining.**
- **GBM and AASB intend to complete an Initial Public Offering on the Singapore Stock Exchange during 2014. (Subject to completion of the share swap, further exploration, satisfaction of any regulatory requirements and market conditions)**

Australian resources company GBM Resources Limited (ASX: GBZ) (**GBM** or the **Company**), today announces that it has executed a Binding Term Sheet (**Agreement**) with Angka Alamjaya Sendirian Berhad (**AASB**) to further develop the Lubuk Mandi Gold Mine located near the State capital of Terengganu Malaysia through a Share Swap Agreement (**Share Swap**), whereby GBM will acquire a major stake in AASB.

Under the terms of the Agreement, AASB will, subject to shareholder approval acquire 15% of fully paid ordinary shares in GBM subject to approval for GBM shareholders, for consideration for GBM acquiring approximately 40% of AASB's issued capital. AASB is the entity that owns the concession entitling it to carry out mining works on the Lubuk Mandi Gold Project.

¹ The potential tonnage and grade of the exploration target expressed is conceptual in nature and should not be considered as an estimate of a Mineral Resource. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of the Mineral Resource.

Both parties have agreed that following completion of the Share Swap, further exploration and development of the tailings dam on the Lubuk Mandi Gold Mine, satisfaction of any regulatory requirements and market conditions, the Parties intend to complete an Initial Public Offer of AASB shares on the Singapore Stock Exchange.

GBM's Managing Director Peter Thompson said, "We are delighted with having the opportunity to develop and explore the Lubuk Mandi Gold Mine with AASB. Our strategy is well supported by our major Singaporean shareholders and is in line with our business objective of delivering shareholder value via project generation.

The Lubuk Mandi Gold Mine, which was previously owned and operated by government body Terengganu State Economic Development, in the mid 90's, produced 108,000 ounces of gold from two shallow pits. The associated processing plant is rated at 300,000 tpa and involves single stage crushing to a stockpile and mill. The mine and processing plant have been on care and maintenance since 2000.



Location Map of the Lubuk Mandi Gold Mine

GBM have conducted due diligence and developed a business plan to develop the project and recommence mining operations. The review is based on data provided by the current owners, AASB.

The project has three identified sources of mineralised material that may provide ore for future mining and treatment. Exploration targets have been estimated for these and are summarized below (see table 1 for further details)²:

- **Tailings Dam** - exploration target between 1Mt at 0.7 g/t Au containing 23,000 oz Au, and 1.4Mt at 0.9 g/t Au containing 38,000 oz Au.
- **Main Zone** - exploration target between 370,000 tonnes averaging 2.9 g/t Au containing 35,000 oz Au and 1,100,000t averaging 3.6 g/t Au containing 127,000 oz Au.
- **East Zone** - exploration target between 1,440,000 tonnes averaging 2.5 g/t Au containing 116,000 oz Au and 2,400,000 tonnes averaging 3.6g/t Au containing 278,000 oz Au.

Total JORC exploration target for the project is estimated to contain between 174,000 and 443,000 ounces of gold. (See Table 1 for tonnes and average grade and note on estimation basis).

The project area covers 221 hectares and includes over a million tonne of tailings which has the potential for early gold production and provides development funding options.



Photograph; Dendritic gold on quartz. Sample M446 (Field of view approx 5mm), Henney et al 1994 pp33, Characterisation of Gold from Lubuk Mandi ,British Geological Survey Technical Report WC94021

² The potential tonnage and grade of the exploration targets expressed are conceptual in nature and should not be considered as estimates of Mineral Resources. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of the Mineral Resource.



Photograph; Mineralised vein in thinly bedded sediments at south end of North Pit



Mine Lease location plan. Approximate location only relative to Google Earth image. Projected mineralised envelopes also shown. Base Google satellite image of Lubuk Mandi Mine environs. (Grid UTM WGS84 Zone 48N)

The completion of the transaction is conditional on the following;

- I. All approvals that are required by GBM and AASB by law including, but not limited to, any regulatory body, shareholders or any third party, as are necessary to permit the transaction to occur; and
- II. Project funding requirement of up to US\$5million being agreed and put in place.

The parties have also agreed to use their best endeavors to negotiate and execute a formal Acquisition and Joint Venture Agreement.

A Notice of Meeting to seek the relevant shareholder approvals will be announced and despatched to shareholders within the coming weeks.

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

Peter Thompson

Managing Director

GBM Resources

Tel: +61 8 9316 9100

Media:

Karen Oswald

Walbrook IR

Tel: + 0423 602 353

Note on Estimation of Exploration Targets:

Although several resource estimates have been quoted in previous reports by other companies, it not possible to validate any of these to meet JORC requirements as no primary data from drilling is available, nor has the drillcore or other sample material been located. This applies to both hardrock and tailings materials. However, considering the availability of a database of drillhole details and analyses, location of various company reports referring to the drilling and results, existence of a mine and production records quoted by a government company and the credibility of the previous mine operator in the Malaysian Mining Industry, it is considered that this information is of sufficient quality and reliability to be used in the estimation of exploration targets.

Exploration Targets have been estimated to JORC standard for the main tailings dam, main pit mineralisation, and a zone of mineralisation on the south east side of the main pit, referred to here as the East Zone.

It should be noted that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

GBM Resources Limited									
Lubuk Mandi Gold Mine Exploration Target Summary									
Target	Low Range				High Range				
	Tonnes	Grade (g/t Au)	Gold (ozs)	Comments	Tonnes	Grade (g/t Au)	Gold (ozs)	Comments	
Tailings Dams	1,010,000	0.7	23,000	3D volume estimate of upper dam only, 20% reduction in average grade of available samples (Bidalan Mayang SDN BHD Exploration Progress Report 08-10-04)	1,400,000	1.0	38,000	3D volume estimate of upper with 40% allowance for error and lower dams, and 20% above average grade of available samples.	
Main Zone	370,000	2.9	35,000	Block Model S McManus Skandus, based largely on unconfirmed pit and UG series drillholes	1,100,000	3.6	127,000	Based on full volume of mineralised zones in block model at average grade estimated for previous mining.	
East Zone	1,440,000	2.5	116,000	Mapped zone 320m long, 30m wide, 60m deep, 2.5 g/t Au average grade of rock samples collected by previous operator (field plan, original analyses not available), SG=2.5.	2,400,000	3.6	278,000	320m long, 30m wide, 100m deep, 3.6 g/t Au estimated average grade of previous mine, SG=2.5.	
Total			174,000	ozs.			443,000	ozs.	

Table 1: Exploration Target Estimates for Lubuk Mandi Project. The potential tonnage and grade of the exploration target expressed is conceptual in nature and should not be considered as an estimate of a Mineral Resource. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of the Mineral Resource.

Competent Person's Statement

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.