

Supplementary Prospectus

GBM Gold Limited

ACN 119 956 624

Important Information

This is a supplementary prospectus (**Supplementary Prospectus**) which shall be read with the prospectus dated 14 August 2019 (**Prospectus**) and issued by GBM Gold Limited (**Company** or **GBM**).

This Supplementary Prospectus is dated 27 August 2019 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that day. Neither ASIC nor ASX (and their respective officers) take any responsibility as to the contents of this Supplementary Prospectus.

Other than as set out below, all details in relation to the Prospectus remain unchanged. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisors without delay.

1 PURPOSE OF THIS SUPPLEMENTARY PROSPECTUS

1.1 Non-renewal of Mining Licences MIN5344, MIN4878 and MIN5364

On 16 August 2019 the Victorian Department of Jobs, Precincts and Regions (Earth Resources Department) (**Earth Resources**) advised the Company that it had refused to renew Mining Licences MIN5344, MIN4878 and MIN5364 held by Kralcopic, as it was not satisfied that Kralcopic was likely to be able to finance the proposed work and rehabilitation requirements.

GBM disputes the reasoning and is considering its options to appeal against the decision, including but not limited to resorting to judicial review.

In the meantime, GBM and its joint venture partner have ceased mining and processing the sand in the Kangaroo Flat Coarse Sand Dam. The wash plant to recover the contained gold and sulphides was increasing output up to full production. The future of this project is now in extreme doubt.

The plans for a 60MW Solar Project to be developed on GBM freehold land at Woodvale 10km north of Bendigo are not affected by Earth Resources' decision not to renew Mining Licence MIN5364.

The use of funds disclosed in sections 4 and 5.2 of the Prospectus is amended by reallocating expenditure of \$600,000 from Nell Gwynne Dome Bendigo (re-opening the Swan decline) to accelerate production in Harvest Home Open Pit Mine by increasing expenditure from \$400,000 to \$1,000,000.

Metropolis has been informed of Earth Resources' decision, and has agreed to waive any right to terminate its underwriting commitment as a result of the decision. The Underwriting Directors have also re-confirmed their commitment to subscribe for Shares as set out in section 10.2 of the Prospectus.

A copy of the Company's announcement to ASX on the above can be obtained from www.asx.com.au.

1.2 Harvest Home Joint Venture

GBM and Truelight Mining Pty Limited, an entity wholly owned by Director Paul Chan, are parties to a 50/50 joint venture agreement (**Term Sheet**) on MIN 5510 (known as the **Harvest Home Project**) (**MIN 5510** or the **Project**), the material terms of which are as follows:

- (a) Bulk Sampling - GBM would undertake a bulk sampling program (**Bulk Sampling Program**), with total estimated cost of \$300,000, and at all times maintain MIN 5510 in good standing and not do anything which may cause the conditions attaching to MIN 5510 to be breached or MIN 5510 to be cancelled or suspended.
- (b) Exploration Program
 - (i) GBM would do all things that are required and necessary to manage, evaluate and develop the Tenement for the duration of the Term, including undertaking an agreed exploration program (**Exploration Program**) on the Tenement over a maximum period of three years from the Commencement Date, with total exploration expenditure for the Exploration Program of \$1,000,000.
 - (ii) GBM would undertake the Exploration Program in accordance with an agreed exploration program and budget (**Exploration Program and Budget**) and at all times will maintain the Tenement in good standing and not do anything which may cause the conditions attaching to the Tenement to be breached or the Tenement to be cancelled or suspended.
- (c) Farm-in
 - (i) GBM must spend a minimum of \$300,000 within the first year of the Term before it can withdraw without penalty.
 - (ii) GBM will acquire a 50% interest in the Project if and when:
 - (A) GBM has completed expenditure of \$1,000,000 during the Term; or
 - (B) development of a mine on the Harvest Home site,whichever occurs first.
 - (iii) If GBM acquires an interest in the Project, the parties will develop and agree on an annual program and budget for the Project (**Annual Program and Budget**) by 1 January each year.

- (iv) If a party elects not to contribute to such further expenditure in accordance with the Annual Program and Budget, then their interest in the Project will be diluted down in proportion to the value of the non-contributed amount as against the total value of the Project (calculated by reference to the total of all capital expenditure on the Project at that time). If any Party's interest in the Project is diluted down to 10% or less, then its participating interest in the Project will convert to a 1% royalty.
- (d) Dealings with the Tenement
 - (i) Each Party may not, without the knowledge and consent of the other Party, deal with or assign any of its interest in the Project or its rights and obligations under the Terms Sheet to a third party.
 - (ii) The Parties agree that, as a condition of dealing with or assigning any of its interest in the Project or its rights and obligations under the Terms Sheet to a third party, it will ensure that the third party will be bound by the terms and conditions of the Terms Sheet.

Since entering the joint venture, GBM has completed the bulk sample program (with the results announced to ASX on 3 August 2015). However and due to delays to obtaining the required regulatory approvals, GBM has only incurred expenditure of approximately \$600,000 under the Exploration Program. As a result, the parties have agreed to vary the Term Sheet as follows:

- (e) The Term (being the period for GBM to earn its 50% interest is extended to 31 August 2020.
- (f) GBM will undertake a 44,000 tonne open pit mining program on the Project (**Mining Program**), including by obtaining all required permits and licences, and engaging and funding all required mining contractors for the program (with this expenditure satisfying the earn-in obligations under the Term Sheet). Ore extracted under the Mining Program will be processed by a third party toll treater.
- (g) The proceeds from the sale of gold and silver refined from ore extracted from MIN 5510 under the Mining Program will (after toll treatment and other costs) be paid as follows:
 - (i) firstly to GBM in full reimbursement of expenses incurred in undertaking the Mining Program; and
 - (ii) then, equally between GBM and Truelight.
- (h) GBM be responsible for maintaining MIN 5510 in good standing, for further exploration activities, and for funding any mining activities (in addition to the Mining Program), with any proceeds from such activities to be first paid to GBM in reimbursement of its costs and then equally between GBM and Truelight.

- (i) Truelight can elect to receive 50% of the refined gold and silver produced by paying 50% of the production costs (including with respect to the Mining Program).
- (j) GBM has the right to lodge a caveat over the Project to protect its interests under the Term Sheet.
- (k) The variation is subject to all required third party approvals, including under the Listing Rules if required.

Truelight is paying an additional Environmental Bond required for Harvest Home gold production under MIN5510 of \$108,500, and will be reimbursed this amount by GBM.

The Directors other than Mr Chan, consider the terms of the variation to be reasonable in the circumstances as if GBM and Truelight were dealing at arm's length so that Shareholder approval is not required under Chapter 2E of the Corporations Act.

1.3 Updated timetable for the Offer

To facilitate this Supplementary Prospectus, the Company has updated the timetable for the Offer as follows:

Prospectus with Entitlement and Acceptance Form dispatched Offer opens for receipt of Applications	28 August 2019
Closing date for acceptances	6 September 2019
Notify ASX of under-subscriptions	11 September 2019
Issue of New Shares Deferred settlement trading ends	13 September 2019
Dispatch of shareholding statements Normal trading of New Shares expected to commence	16 September 2019

Note: The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than 3 months after the date of this Prospectus. As such the date the New Shares are expected to commence trading on ASX may vary.

1.4 Annual Listing Fee

On 26 August 2019 the Company paid its annual ASX listing fee and is in compliance with Listing Rule 16.5 (requirement to pay annual listing fees).

1.5 Withdrawal rights

As offers are yet to be made under the Prospectus, no withdrawal rights will be given.

2 DIRECTORS' RESPONSIBILITY AND CONSENT

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC and has not withdrawn that consent.

Metropolis and Truelight have also consented to this Supplementary Prospectus being lodged with ASIC and have not withdrawn that consent.

Dated: 27 August 2019



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Signed for and on behalf of GBM Gold Limited
By Eric JP Ng
Non-Executive Chairman