



21 August 2019

ASX Announcement

CORPORATE UPDATE

GBM Gold Limited ABN 59 119 956 624

ASX CODE: GBM

CORPORATE DETAILS:

Shareholders:
884

Shares on Issue:
1,118,319,556

Options: Nil

Directors:
Eric JP Ng (*Chairman*)

Paul Chan

Andy Lai

Linda Lau

Jianping Wang

Chief Executive Officer
John Harrison

Company Secretary:
Andrew Chan

CONTACT DETAILS:

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HIGHLIGHTS

- ✓ The Victorian Government's Earth Resources Department has refused to renew the Bendigo Mining Licences MIN5344, MIN5364 and MIN4878 forcing GBM Gold to stop work on its gold mining operations
- ✓ Earth Resources took this action while GBM Gold was completing a \$6.7 million fully underwritten rights issue
- ✓ The Underwriter Metropolis Enterprises Group Limited has reaffirmed its underwriting commitment to the Rights Issue with all terms and conditions intact. Metropolis has also confirmed that they will arrange funding to further inject future capital into GBM to support the Company's future development
- ✓ GBM Gold is considering its options to appeal against the decision

GBM Gold Limited (ASX: GBM) ("GBM Gold") refers to previous announcements regarding renewal of licences MIN5344, MIN5364 and MIN4878 (together "Bendigo Mining Licences"), which are held by GBM Gold's wholly owned subsidiary, Kralcopic Pty Ltd ("Kralcopic"). The Company wishes to inform shareholders that on 16 August 2019 that the Victorian Government's Earth Resources Department ("Earth Resources") had refused to renew the Bendigo Mining Licences as it was not satisfied that Kralcopic was likely to be able to finance the proposed work and rehabilitation requirements.

GBM Gold had launched a new fully underwritten one for one \$6.7 million rights issue on 14 August 2019; the completion of which would have placed the Company in a more robust financial position than it was in May 2016 when the mining licences were transferred from Unity Mining to Kralcopic. The decision by Earth Resources not to renew the mining licences was made in full knowledge of the new fully underwritten rights issue two days after the replacement prospectus was released to ASX.

GBM Gold considers that this sets a bad precedent and sends a negative signal to the market on the risk for any junior exploration company contemplating gold mining in Victoria. The Company is considering its options to appeal against the decision, including but not limited to resorting to any judicial review.

After being informed of this latest development, Metropolis reaffirmed to GBM that it will continue their underwriting commitment of the Rights Issue with all terms and conditions remaining intact. Metropolis also confirmed that they will arrange further funding to support GBM's future development as described in the Prospectus lodged on 14 August 2019.

GBM Gold and its Joint Venture partner have been forced to stop work on the project to mine and process 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 Gold freehold land at Woodvale 10km north of Bendigo is not affected by Earth Resources decision not to renew Mining Licence MIN5364.

ENDS

About GBM Gold Ltd (ASX: GBM)

GBM Gold is a gold focused mining and exploration company with mining and exploration assets located one of Australia's most significant gold producing regions; the Central Victorian Goldfields.

GBM Gold purchased the Bendigo Goldfield, Australia's second largest goldfield. The Company is targeting projects to develop long term sustainable mining to fund the Company's growth. Recent work has centred on the Bendigo Goldfield and the Harvest Home deposit located north-east of Dunolly in the Golden Triangle area of Central Victoria. Harvest Home, in which GBM Gold has a 50% business joint venture interest, and the adjacent Queen's Birthday will continue to be developed together with tailings projects on the Bendigo Goldfield.

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

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