



NOTICE OF ANNUAL GENERAL MEETING

&

EXPLANATORY STATEMENT

To be held

At 12.00pm, Friday, 28 October 2016

at

HLB Mann Judd, Level 4, 130 Stirling Street, Perth, Western Australia



20th September 2016

Dear Fellow GBM Resources Shareholder,

Please find enclosed the Notice of Annual General Meeting for the Shareholders' Meeting to be held at HLB Mann Judd, Level 4, 130 Stirling Street, Perth, Western Australia at 12.00pm on Friday, 28 October 2016.

The purpose of the meeting is to conduct the annual business of the Company, being consideration of the annual financial statements, the remuneration report and in addition seek shareholder approval in accordance with the Corporations Act 2001 and the Listing Rules of the ASX to a number of resolutions, which are set out in the attached Notice of Meeting paper.

Your Directors seek your support and look forward to your attendance at the meeting.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'P. Thompson', with a long horizontal stroke extending to the right.

Peter Thompson
Executive Chairman

GBM RESOURCES LIMITED

ABN 91 124 752 745

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of GBM Resources Limited will be convened at 12.00pm on Friday, 28 October 2016 at HLB Mann Judd, Level 4, 130 Stirling Street, Perth, Western Australia.

AGENDA

1. Discussion of Financial Statements and Reports

To discuss the Financial Report, the Directors' Report and Auditor's Report for the year ended 30 June 2016.

2. Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2016."

Voting Prohibition Statement

A Restricted Voter means Key Management Personnel and their Closely Related Parties.

The Company will disregard any votes cast on this Resolution by or on behalf of a Restricted Voter. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and*
- (b) it is not cast on behalf of a Restricted Voter.*

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or*
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution, or to abstain from voting.*

3. Re-Election of Director – Mr Neil Norris

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, Mr Neil Norris who retires in accordance with the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a director of the Company."

GBM RESOURCES LIMITED

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NOTICE OF ANNUAL GENERAL MEETING

AGENDA (CONTINUED)

4. Ratification of Prior Issue of Equity Securities – Placement Shares – Listing Rule 7.1

To consider and, if thought fit, to approve the following resolution, with or without amendment, as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4, and for all other purposes Shareholders ratify the allotment and issue of 95,412,053 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any person that participated in the share placement and any person associated with those persons.

However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides) will be taken into account.

5. Ratification of Prior Issue of Equity Securities – Placement Shares – Listing Rule 7.1A

To consider and, if thought fit, to approve the following resolution, with or without amendment, as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4, and for all other purposes Shareholders ratify the allotment and issue of 65,087,947 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any person that participated in the share placement and any person associated with those persons.

However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides) will be taken into account.

6. Ratification of Prior Issue of Equity Securities – Consideration Shares – Listing Rule 7.1

To consider and, if thought fit, to approve the following resolution, with or without amendment, as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4, and for all other purposes Shareholders ratify the allotment and issue of 2,187,500 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by Rio Tinto Exploration Pty Ltd and any of its related parties.

However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides) will be taken into account.

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NOTICE OF ANNUAL GENERAL MEETING

AGENDA (CONTINUED)

7. Approval to Issue up to 10% Placement Capacity

To consider and, if thought fit, to approve the following resolution, with or without amendment, as a **special resolution**:

"That, for the purpose of Listing Rule 7.1A and all other purposes, the Company approves the allotment and issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person associated with those persons.

However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides) will be taken into account.

8. Adoption of GBM Resources Limited Incentive Option Scheme

"To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Company to adopt an incentive option scheme on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any Director of the Company, other than any Directors who are ineligible to participate in any scheme or plan in relation to the Company, and any associates of those Directors.

However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides) will be taken into account.

9. Adoption of GBM Resources Limited Performance Rights Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Company to adopt a performance rights plan on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any Director of the Company, other than any Directors who are ineligible to participate in any scheme or plan in relation to the Company, and any associates of those Directors.

However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides) will be taken into account.

NOTICE OF ANNUAL GENERAL MEETING

GENERAL NOTES

1. With respect to Agenda Item 2, the vote on this item is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Chairman of the meeting intends to vote undirected proxies, that are able to be voted, in favour of the adoption of the remuneration report.

2. **Voting by Proxy:** Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:
 - if proxy holders vote, they must cast all directed proxies as directed; and
 - any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

3. The Explanatory Statement to Shareholders attached to this Notice of Annual General Meeting is hereby incorporated into and forms part of this Notice of Annual General Meeting.
4. The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5.00pm on 26th October 2016.

BY ORDER OF THE BOARD



Kevin R Hart

COMPANY SECRETARY

Dated this 20th day of September 2016

GBM RESOURCES LIMITED

ABN 91 124 752 745

EXPLANATORY STATEMENT

The purpose of the Explanatory Statement is to provide shareholders with information concerning all of the Agenda items in the Notice of Annual General Meeting.

1. Discussion of Financial Statements & Reports

GBM Resources Limited's financial reports and the directors' declaration and reports and the auditor's report are placed before the meeting thereby giving shareholders the opportunity to discuss those documents and to ask questions. The auditor will be attending the Annual General Meeting and will be available to answer any questions relevant to the conduct of the audit and his report.

2. Adoption of Remuneration Report

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on the resolution to Agenda Item 2 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's next Annual General Meeting, the Company will be required to put to Shareholders a resolution proposing the calling of general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the Company's Annual General Meeting. All of the Directors who were in office when the Company's Directors' report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The proportion of votes cast against the adoption of the 2015 Remuneration Report was less than 25% of the total votes cast. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2016.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

The Board considers that its current practices of setting executive and non-executive remuneration are within normal industry expectations, and provides an effective balance between the need to attract and retain the services of the highly skilled key management personnel that the Company requires. As such the directors recommend that shareholders vote in favour of the resolution to Agenda Item 2.

Definitions

Key Management Personnel has the same meaning as in the accounting standards and includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2016.

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EXPLANATORY STATEMENT

3. Re-Election of Director – Mr Neil Norris

Mr. Norris is a geologist with over 25 years' experience gained in Australia and overseas. He was previously Group Exploration Manager for Perseverance Corporation Limited and spent over ten years with Newmont Australia Limited holding senior positions in both mining and exploration areas. A key achievement was his development of the geological models which contributed to the discovery of the Phoenix ore body at Fosterville. Mr. Norris was also involved in the discovery of the world class Cadia and Ridgeway deposits. Mr. Norris has a track record in the successful identification of mineral deposits and his experience greatly advances the Company's exploration efforts.

Mr Norris was appointed as Director on 3 April 2009.

4. Ratification of Prior Issue of Equity Securities – Placement Shares – Agenda Items 4 and 5

Agenda Items 4 and 5 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 160,500,000 ordinary fully paid shares (Shares or Placement Shares) as stated below.

General

On 26 July 2016 the Company issued 160,500,000 Placement Shares to unrelated parties of the Company, pursuant to a share placement announced to ASX on 27 July 2016.

The Company issued 95,412,053 Placement Shares without prior Shareholder approval out of its 15% annual placement capacity under ASX Listing Rule 7.1, and 65,087,947 Placement Shares out of its additional 10% placement capacity under ASX Listing Rule 7.1A which was approved by Shareholders on 26 November 2015.

Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.1A

ASX Listing Rule 7.1A provides that a company may seek Shareholder approval at its annual general meeting to allow it to issue Securities up to 10% of its issued capital, provided that it is an eligible entity (**Eligible Entity**).

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- is not included in the S&P/ASX 300 Index; and
- has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

At the time approval was obtained, the Company was an Eligible Entity as it was not included in the S&P/ASX 300 Index and had a market capitalisation of \$16.7 million.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 or 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1 and 7.1A.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and up to the 10% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

GBM RESOURCES LIMITED

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EXPLANATORY STATEMENT

4. Ratification of Prior Issue of Equity Securities – Placement Shares – Agenda Items 4 and 5 (Continued)

Agenda Item 4

Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 95,412,053 Placement Shares were issued pursuant to Listing Rule 7.1:
- (b) the Placement Shares were issued for cash consideration of 1.6 cents per Share;
- (c) the Placement Shares issued were all issued on the same terms and conditions as the Company's existing ordinary shares (GBZ);
- (d) the Placement Shares were allotted and issued to professional and sophisticated investors that were not related parties of the Company;
- (e) The funds raised from the issue of the Placement Shares will be used to fund the feasibility studies and undertake exploration programs at various prospects at the 100% owned Mt Coolon Gold Project and provide working capital.

Agenda Item 5

Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 65,087,947 Placement Shares were issued pursuant to Listing Rule 7.1A;
- (b) the Placement Shares were issued for cash consideration of 1.6 cents per Share;
- (c) the Placement Shares issued were all issued on the same terms and conditions as the Company's existing ordinary shares (GBZ);
- (d) the Placement Shares were allotted and issued to professional and sophisticated investors that were not related parties of the Company;
- (e) The funds raised from the issue of the Placement Shares will be used to fund the feasibility studies and undertake exploration programs at various prospects at the 100% owned Mt Coolon Gold Project and provide working capital.

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EXPLANATORY STATEMENT

5. Ratification of Prior Issue of Equity Securities – Consideration Shares – Listing Rule 7.1

Agenda Item 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 2,187,500 shares (Shares or Consideration Shares) as stated below.

General

On 16 February 2016 the Company issued 2,187,500 ordinary fully paid shares to Rio Tinto Exploration Pty Ltd in consideration of the acquisition of a 100% in the Moonmera Copper-Gold Prospect (EPM 19849).

The Shares were issued by the Company under the 15% limit imposed by the ASX Listing Rule 7.1 without the need for Shareholder approval.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 2,187,500 Consideration Shares were issued;
- (b) the Consideration Shares were issued for nil cash consideration at a deemed price of 1.6 cents per Share in consideration for the acquisition of a 100% interest in the Moonmera Copper-Gold Prospect (EPM19849).
- (c) the Consideration Shares issued were all issued on the same terms and conditions as the Company's existing ordinary shares (GBZ);
- (d) the Consideration Shares were allotted and issued to Rio Tinto Exploration Pty Ltd; and
- (e) No funds were raised from the issue of the Consideration Shares.

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EXPLANATORY STATEMENT

6. Approval to Issue up to 10% Placement Capacity

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the Annual General Meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity that is not included in the S&PASX 300 Index. The Company's market capitalisation at 19th September 2016 is \$13 million and is therefore considered an eligible entity for the purposes of Listing Rule 7.1A.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2:

$$(A \times B) - E$$

Where,

A = Has the same meaning as is Listing Rule 7.1

B = 10%

E = The number of equity securities issued or agreed to be issued under Listing Rule 7.1A2 in the 12 months before the issue date or date of agreement to issue that are not issued with the approval of holders of ordinary securities under Listing Rule 7.1 or 7.4.

The Company is putting Agenda Item 7 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity.

This resolution does not mean that the Company will necessarily utilise the 10% Additional Placement Capacity. However, the additional capacity will provide flexibility for the company to issue additional securities, in the event that the directors determine that the issue of the additional securities is in the interests of the shareholders and the Company in achieving its objectives.

Listing Rule 7.1A

The effect of Agenda Item 7 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has quoted Shares on issue.

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EXPLANATORY STATEMENT

6. Approval to Issue up to 10% Placement Capacity (Continued)

Based on the number of Shares on issue at the date of this Notice the Company has 813,566,975 Shares on issue and therefore, subject to Shareholder approval being sought under Agenda Item 7, 81,356,697 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based the formula set out in Listing Rule 7.1A at the time of issue of the Equity Securities. The table on the page below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

The resolution the subject of Agenda Item 7 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

Specific information required by Listing Rule 7.3A

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If the resolution the subject of Agenda Item 7 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities.

The table below shows the dilution of existing Shareholders of the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity using different variables for the number of ordinary securities for variable "A" (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable "A" is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

The table shows:

- (i) examples of where variable "A" is at its current level, and where variable "A" has increased by 50% and by 100%;
- (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 19th September 2016 (current market price), where the issue price is halved, and where it is doubled; and
- (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

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EXPLANATORY STATEMENT

6. Approval to Issue up to 10% Placement Capacity (Continued)

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.008 Issue Price at half the current market price	\$0.016 Issue Price at current market price	\$0.032 Issue Price at double the current market price
Current Variable A 813,566,975 Shares	Shares issued	81,356,697	81,356,697	81,356,697
	Funds raised	\$650,853	\$1,301,707	\$2,603,414
	Dilution	10%	10%	10%
50% increase in current Variable A 1,220,350,463 Shares	Shares issued	122,035,046	122,035,046	122,035,046
	Funds raised	\$976,280	\$1,952,560	\$3,905,121
	Dilution	10%	10%	10%
100% increase in current variable A 1,627,133,950 Shares	Shares issued	162,713,395	162,713,395	162,713,395
	Funds raised	\$1,301,707	\$2,603,414	\$5,206,828
	Dilution	10%	10%	10%

Note: this table assumes:

- (i) No Options or Performance Rights are exercised before the date of the issue of the Equity Securities;
 - (ii) The Company issues the maximum number of Equity Securities under the Additional 10% Placement Capacity and the Equity Securities issues consists only of Shares;
 - (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholders holding at the date of the Annual General Meeting;
 - (iv) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (c) Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:
- (i) the date that is 12 months after the date of the Annual General Meeting; and
 - (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),
- (Additional Placement Period).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) cash consideration. If Equity Securities are issued for cash consideration, the Company intends to use the funds to advance its exploration and feasibility study programs, and general working capital purposes; or
 - (ii) non-cash consideration for the acquisition of new assets. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

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EXPLANATORY STATEMENT

6. Approval to Issue up to 10% Placement Capacity (Continued)

(e) The Company's allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s). Securities allotted pursuant to the allocation policy will be determined following consideration of a number of factors including, but not limited to, the following matters:

- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities;
- (ii) the dilutionary effect of the proposed of the issue of the Equity Securities on existing Shareholders at the time of proposed issued of Equity Securities;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

At the date of this Notice, the Company has not formed an intention as to whether the securities will be offered to existing security holders, or to any class or group of existing security holders, or whether the securities will be offered exclusively to new investors that have not previously been security holders of the Company. The Company will give consideration before making any placement of securities under Listing Rule 7.1A whether the raising of any funds under such placement could be carried out in whole, or in part, by an entitlements offer to existing security holders.

The allottees under the Additional 10% Placement Capacity have not been determined as at the date of this Notice but will not include related parties (or their associates) of the Company.

(f) The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its 2015 Annual General Meeting.

The Company has issued 65,087,947 securities pursuant to that Listing Rule 7.1A approval.

During the 12 month period preceding 28 October 2016, being the date of the Meeting, the Company otherwise issued a total of 255,669,854 Shares.

The net amount of 255,669,854 Equity Securities issued represents approximately 34.8% of the total diluted number of Equity Securities on issue in the Company on 28 October 2015, being 735,640,683.

Information relating to issues of Equity Securities by the Company in the 12 months prior to 28 October 2016 is as follows:

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EXPLANATORY STATEMENT

6. Approval to Issue up to 10% Placement Capacity (Continued)

Date of Appendix 3B	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price ¹ on the trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds If issued for non-cash consideration – a description of the consideration and the current value of the consideration
18 November 2015	41,063,104 ordinary fully paid shares	Note 2	Issued to existing shareholders pursuant to a non-renounceable entitlement issue.	1.5 cents per share. Issued at no discount or premium to the market price on the trading day prior to issue date (issue date 21 December 2015).	\$657,009 cash The funds were used to fund the ongoing evaluation of the Company's 100% owned Mt Coolon Gold Project and provide working capital.
19 January 2016	51,919,250 ordinary fully paid shares	Note 2	Issued to existing shareholders and sophisticated and professional investors pursuant to the shortfall of a non-renounceable entitlement issue.	1.5 cents per share. Issued at no discount or premium to the market price on the trading day prior to issue date (issue date 19 January 2016).	\$778,788 cash The funds were used to fund the ongoing evaluation of the Company's 100% owned Mt Coolon Gold Project and provide working capital.
17 February 2016	2,187,500 ordinary fully paid shares	Note 2	Rio Tinto Exploration Pty Ltd who is not a related party of the Company	Deemed price of 1.6 cents per share Issued at a 6% discount to the prior trading day market value (issue date 16 February 2016).	Nil cash Shares issued to acquire a 100% interest in the Moonmera copper-gold prospect. Current value of the consideration shares at the current market price of 1.6 cents per share is \$35,000.
27 July 2016	160,500,000 ordinary fully paid shares	Note 2	Sophisticated and professional investors, none of whom were related parties of the Company	1.6 cents per share Issued at no discount or premium to the market price on the trading day prior to issue date (issue date 26 July 2016).	\$2,568,000 cash The funds available after deducting the costs of the issue will be used to fund the forward program of evaluation and development of the Company's 100% owned Mt Coolon Gold Project and provide working capital.

EXPLANATORY STATEMENT

6. Approval to Issue up to 10% Placement Capacity (Continued)

Notes:

- i. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises).
 - ii. Fully paid ordinary shares in the capital of the Company, ASX Code: GBZ (terms are set out in the Constitution).
- b. A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, and therefore no Shareholder will be excluded from voting on Agenda Item 7.

7. Adoption of the GBM Resources Limited Incentive Option Scheme

Agenda Item 8 seeks Shareholder approval for the adoption of an incentive option scheme (Scheme) in accordance with Exception 9 of ASX Listing Rule 7.2.

The Company's Incentive Option Scheme was adopted and last approved by shareholders on 21 November 2013. Shareholders should note that no Options have previously been issued under this Scheme and the objective of the Scheme is to attract, motivate and retain key employees.

It is considered by the Directors that the adoption of the Scheme and the future issue of Options under the Scheme will provide selected employees with the opportunity to participate in the future growth of the Company.

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

If the resolution in Agenda Item 8 is passed, the Company will be able to issue Shares under the Scheme without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 3 year period.

A summary of the terms and conditions of the Incentive Option Scheme is set out in Schedule 1.

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EXPLANATORY STATEMENT

8. Adoption of the GBM Resources Performance Rights Plan

Agenda Item 9 seeks Shareholder approval for the adoption of a performance rights plan (**Plan**) in accordance with Exception 9 of ASX Listing Rule 7.2.

Shareholders should note that the objective of the Plan is to attract, motivate and retain key employees.

The Performance Rights Plan was adopted and last approved by shareholders on 21 November 2013. Since that date, no Performance Rights have been issued, exercised or cancelled pursuant to the Plan.

Since initial adoption by Shareholders the following securities of the Company have occurred pursuant to the Plan:

Performance rights issued pursuant to the Plan:	3,500,000
Performance rights issued pursuant to the Plan fully vesting:	3,200,000
Performance rights issued pursuant to the Plan lapsing unexercised:	(300,000)
Number of Ordinary shares issued on the exercise of performance rights pursuant to the Plan:	3,200,000

It is considered by the Directors that the adoption of the Plan and the future issue of Performance Rights under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

If the resolution in Agenda Item 9 is passed, the Company will be able to issue entitlements to Shares (**Performance Rights**) under the Plan without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 3 year period.

A summary of the terms and conditions of the Performance Rights Plan is set out in Schedule 2.

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EXPLANATORY STATEMENT

SCHEDULE 1 – TERMS AND CONDITIONS OF INCENTIVE OPTION SCHEME

The following is a summary of the key terms and conditions of the Scheme to be adopted by Shareholders pursuant to Agenda Item 8:

- (a) **Entitlement to Participate:** the Board will determine in its discretion who is entitled to participate in the Scheme and issue an invitation to that person. The Board will consider factors such as seniority and position of the potential participant, length of service, record of employment and potential contribution to growth and profitability of the Company.
- (b) **Exercise Price:** the Board will determine in its discretion the exercise price of the Options. The exercise price may be nil but to the extent that the Listing Rules specify or require a minimum price, the exercise price must not be less than any minimum price specified.
- (c) **Lapsing Date:** the lapsing date of an Option issued under the Scheme is two (2) years after the date of the grant of the Option, or such other date as the Board determines in its discretion at the time of the grant of that Option (**Lapsing Date**).
- (d) **Lapsing of Options:** the options of any participant in the Scheme where:
 - (i) the relevant person ceases to be an employee or director of, or to render services to, the company for any reason whatsoever and the Exercise Conditions have not been met;
 - (ii) the Exercise Conditions are unable to be met;
 - (iii) the Lapsing Date has passed, or
 - (iv) the relevant person ceases to be an employee or director of, or to render services to, the Company for any reason whatsoever, and the Exercise Conditions have been met,
- (e) **Exercise of Options:** Options granted under the Scheme are exercised by delivering to the Company's secretary (at a time when the Options may be exercised):
 - (i) the certificate for the Options or, if the certificate for the Options is destroyed or lost, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration;
 - (ii) a notice in the form set out in the Scheme addressed to the Company and signed by the participant stating that the participant exercises the Options and specifying the number of Options being exercised and specifying the subregister of the Company in which the Shares are to be recorded in; and
 - (iii) payment to the Company of the an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised unless there is no exercise price payable in respect of the Options being exercised.
- (f) **Quotation:** the Company will make an application for the Shares issued as a result of the Options being exercised to be quoted in accordance with the Listing Rules.
- (g) **New Issues:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

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EXPLANATORY STATEMENT

SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN

The following is a summary of the key terms and conditions of the Plan to be adopted by Shareholders pursuant to Agenda Item 9:

- (a) **Entitlement to Participate:** the Board will determine in its discretion whom is entitled to participate in the Plan and issue an invitation to that person. The Board will consider factors such as seniority and position of the potential participant, length of service, record of employment and potential contribution to growth and profitability of the Company.
- (b) **Rights:** each Performance Right issued under the Plan is a right to be issued with or transferred a single Share, free of encumbrances.
- (c) **Expiry Date:** means the date on which a Performance Right lapses (if it has not already lapsed in accordance with the Plan) as specified in the offer made to the participant.
- (d) **Vesting Conditions:** the Board will determine the Vesting Conditions that must be satisfied by a participant before the Performance Right vests in the holder.
- (e) **Vesting:** a Performance Right will vest in a participant where the Vesting Conditions are satisfied or waived by the Board or where the Performance Right vests as a result of Accelerated Vesting.
- (f) **Accelerated Vesting:** The Board may in its discretion determine that all or a specified number of a participant's unvested Performance Rights vest where:
 - (i) the participant dies;
 - (ii) the participant ceases to be employed by the Company;
 - (iii) a takeover bid for the Company's issued Shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares;
 - (iv) a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
 - (v) the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of an unvested Performance Right:** A Performance Right that has not vested will lapse upon the earlier to occur of:
 - (i) a failure to meet the Performance Right's Vesting Conditions;
 - (ii) the Expiry Date;
 - (iii) the Participant ceasing to be an employee;
 - (iv) the Performance Right lapsing due to the Participant ceasing to be an employee or due to the occurrence of a Takeover Bid, compromise or arrangement or winding up;
 - (v) the Performance Right lapsing due to an unauthorised transfer, or purported transfer, of the Performance Right;
 - (vi) a determination of the Board that the Performance Right is to lapse due to fraud or dishonesty; or
 - (vii) the day before the end of the 7 year anniversary of the date of grant of the Performance Rights.

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EXPLANATORY STATEMENT

SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN (CONTINUED)

- (h) **Lapse of a vested Performance Right:** A Performance Right that has vested but not been validly exercised will lapse upon the earlier to occur of:
- (i) the Expiry Date (if any);
 - (ii) the Performance Right lapsing due to an unauthorised transfer, or purported transfer, of the Performance Right;
 - (iii) a determination of the Board that the Performance Right is to lapse due to fraud or dishonesty; or
 - (iv) the day before the end of the 7 year anniversary of the date of grant of the Performance Right
- (i) **Issue Price:** the issue price of the Shares to be offered under the Scheme will be the weighted average trading price of the Shares on ASX during the 5 trading days immediately preceding the date of invitation. In the event no trading has occurred during that period the issue price will be the last price at which an offer to purchase a Share was made on ASX.
- (j) **Exercise of Performance Right:** A participant may exercise a Performance Right that is entitled to exercised by lodging with the Company a notice of exercise of the Performance Right in the form (if any) prescribed by the Company, and the certificate for the Performance Right.
- (k) **Quotation:** If Shares of the same class as those allotted under the Plan are listed on the ASX the Company will apply to the ASX within a reasonable time after they are allotted for those Shares to be listed.
- (l) **New Issues:** Other than adjustments for bonus issues and reorganisation of the issued capital of the Company, participants are not entitled to participate in any new issue of securities of the Company as a result of their holding Performance Rights during the currency of any Performance Rights and prior to vesting. In addition, participants are not entitled to vote nor receive dividends as a result of their holding Performance Rights.