



10 May 2019

ASX Announcement

GBM GOLD BUSINESS UPDATE

<p>GBM Gold Limited ABN 59 119 956 624</p> <p>ASX CODE: GBM</p> <p>CORPORATE DETAILS:</p> <p>Shareholders: 684</p> <p>Shares on Issue: 1,118,319,556</p> <p>Options: Nil</p> <p>Directors:</p> <p>Eric JP Ng (<i>Chairman</i>) Paul Chan Andy Lai Linda Lau Jianping Wang</p> <p>Chief Executive Officer John Harrison</p> <p>Company Secretary: Andrew Chan</p> <p>CONTACT DETAILS:</p> <p>Principal and Registered Office: GBM Gold Ltd 66 Ham Street Kangaroo Flat VIC 3550</p> <p>Telephone +61 3 5445 2300</p> <p>Email admin@gbmgold.com.au</p> <p>Website www.gbmgold.com.au</p>	<p>HIGHLIGHTS</p> <ul style="list-style-type: none">✓ One for one non-renounceable rights issue at an issue price of \$0.006 to raise approximately \$6.67 million✓ Funds raised will repay Unity debt in full and provide working capital✓ Unity Mining debt deferred pending completion of the rights issue✓ Recapitalisation will allow reinstatement of GBM's shares to trading <p>GBM Gold Limited (ASX: GBM) is pleased to announce a fully underwritten 1 for 1 non-renounceable rights issue to raise \$6.67 million (before costs) at an issue price of \$0.006 per share.</p> <p>Funds raised under the capital raising will be used to repay Unity Mining Limited debt of approximately \$3.28 million, for working capital, and for costs of the offer.</p> <p>GBM has appointed Sanston Securities Australia Pty Limited (Sanston) as corporate advisor to place any shortfall shares on a best endeavours basis. Nex Kiwi Group Holdings Limited, a private Hong Kong entity controlled by Wilson Wong, the son of Director Ms Jianping Wang, has agreed to fully underwrite the balance. The underwriting is subject to certain terminating events which are consistent with underwriting arrangements typical for a company in GBM's circumstances (and which are set out in the annexure to this announcement).</p> <p>The rights issue is conditional upon ASX being satisfied with GBM's financial condition and compliance with the Listing Rules and Corporations Act, and GBM is addressing the requirements for reinstatement, including appointing two Australian resident directors and lodging its half year financial statements for the period ending 31 December 2018.</p> <p>To facilitate the rights issue, Unity Mining, which holds security over GBM's assets, has agreed to forbear from exercising its rights, subject to a prospectus being lodged for the right issue by no later than 15 May 2019, the underwriting agreement not being terminated, and all amounts owing repaid by 19 June 2019.</p> <p>To comply with applicable laws, the rights issue is only open to shareholders with a registered address within Australia or New Zealand and who hold shares on 21 May 2019 (Record Date), and will close on 4 June 2019 (unless extended). Shareholders in other countries who may wish to subscribe for shortfall shares are invited to contact Kit Foo Chye of Sanston Securities (kitfoo.chye@sanston.com.au or +61 437 779 092) to discuss.</p>
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Shareholders can apply for additional new shares, and shortfall will be placed by Sanston Securities in priority to eligible shareholders and others (including foreign shareholders who can show that securities can be issued to them without unreasonable legal and regulatory requirements) before Nex Kiwi.

All new shares issued will rank equally with existing shares on issue and the Company will apply for quotation of the new shares. A prospectus in relation to the rights issue will be lodged with ASIC by 15 May 2019 and, together with a personalised entitlement acceptance form, sent to eligible shareholders shortly after the Record Date.

Investors should consider the prospectus in deciding whether to acquire securities under the rights issue, and will need to complete the personalised entitlement and acceptance form that will accompany the prospectus.

The following are indicative dates in respect of the rights issue:

Event	Date
Lodge prospectus	15 May 2019
Ex entitlement date	20 May 2019
Record Date for determining entitlements (5:00pm EST)	21 May 2019
Prospectus and personalised Entitlement and Acceptance Forms sent to Eligible Shareholders	24 May 2019
Closing date of entitlement issue (5:00pm EST)	4 June 2019
Issue date	12 June 2019
Reinstatement of GBM shares to trading	13 June 2019

The above dates are indicative only and may change, subject to the Corporations Act and Listing Rules.

Please contact the Company Secretary (andrewchan.bright@gmail.com or +61 418 401 049) for further information.

ENDS

About GBM Gold Ltd (ASX: GBM)

GBM Gold is a gold focused mining and exploration company with mining and exploration assets located in underexplored areas of one of Australia's most significant gold producing regions; the Central Victorian Goldfields that host the Bendigo (~22 million ounce) and Ballarat (~12 million ounce) gold deposits.

The Company is targeting low cost projects to develop long term sustainable mining to fund the Company's growth. Recent work has centred on the Harvest Home deposit located north-east of Dunolly in the Golden Triangle area of Central Victoria. GBM has a 50% equity interest in Harvest Home and recently completed a bulk sample from this project producing a 107 ounce gold dore bar. Harvest Home and the adjacent Queen's Birthday will continue to be developed in parallel with the company's development of the Bendigo Goldfield, Australia's second largest goldfield.

Terminating Events

Each of the following events allows Nex Kiwi to terminate the underwriting agreement:

1. A statement contained in the Offer Materials is or becomes misleading or deceptive or likely to mislead or deceive, or the Offer Materials omit any information they are required to contain;
2. ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the Offer or the Offer Materials, or publicly foreshadows that it may do so;
3. GBM is prevented from allotting and issuing the Offer Securities within the time required by the Timetable, Listing Rules, applicable laws, an order of a court of competent jurisdiction or a Government Agency;
4. ASX withdraws, revokes or amends any ASX Waivers;
5. ASIC withdraws, revokes or amends any ASIC Modifications;
6. any statement or estimate in the Offer Materials which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of Nex Kiwi, unlikely to be met in the projected timeframe;
7. there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been publicly announced before the date of this Agreement), any of which does or is likely to prohibit or regulate the Offer, capital issues or stock markets in a manner which in the reasonable judgment of Nex Kiwi would have a material adverse effect on the ability of Nex Kiwi to promote the Offer or to enforce contracts to issue or allot the Offer Securities or materially adversely affect the taxation treatment of the Offer Securities;
8. GBM ceases to be admitted to the official list of ASX;
9. ASX issues a written statement to GBM or Nex Kiwi or any of their directors, officers, employees or advisors that it will not grant permission for the official quotation of the Offer Securities;
10. approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to the official quotation of the Offer Securities on ASX on or before 2.00pm on the Settlement Date, or if granted, the approval is subsequently withdrawn, qualified or withheld;
11. an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer Materials or the Offer or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer Materials or the Offer;
12. GBM withdraws the Offer or the Offer will not otherwise proceed in accordance with this Agreement;
13. one of the following occurs:
 - (a) a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;

- (b) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading or substantially all of a trading day; or
- (c) the occurrence of any other adverse change or adverse disruption to the political or economic conditions or financial markets in Australia, the United States or the United Kingdom or the international financial markets or any change or development involving a prospective adverse change in national or international political, economic or financial conditions,

in either case the effect of which is such as to make it, in the reasonable judgment of Nex Kiwi, impractical to promote the Offer (or any component of the Offer) or to enforce contracts to issue and allot the Offer Securities;

- 14. any event specified in the Timetable is delayed by more than one Business Day without the prior written consent of Nex Kiwi (such consent not to be unreasonably withheld or delayed);
- 15. a change in the senior management of the Group or in the board of directors of GBM occurs;
- 16. a director of GBM (in his or her capacity as an officer of a company) is charged with an indictable offence or is disqualified from managing a company under sections 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act;
- 17. a Group member breaches, or defaults under, any provision, undertaking covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which has a material adverse effect on GBM; or
- 18. an event of default, potential event of default, review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing or other similar event occurs under or in respect to any such debt or financing arrangement or related documentation;
- 19. GBM or a member of the Group is Insolvent or there is an act or omission which may result in GBM or a member of the Group becoming Insolvent; or
- 20. a Closing Certificate which is required to be furnished by GBM under this Agreement is not furnished when required.

Subject to being materially adverse, each of the following events allows Nex Kiwi to terminate the underwriting agreement:

- 1. any information supplied by or on behalf of GBM to Nex Kiwi in relation to the Group, or the Offer, is misleading or deceptive or likely to mislead or deceive;
- 2. hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of the United States, Australia, New Zealand, the United Kingdom, any member of the European Union, China or Japan or the declaration by any of these countries of a national emergency or war or a major terrorist act is perpetrated involving any of those countries or any diplomatic, military, commercial or political establishment of any of those countries or elsewhere in the world;
- 3. GBM, the Offer or the Offer Materials do not comply with any applicable law or regulatory requirement or there is a contravention by GBM of the Corporations Act, its Constitution, or any of the Listing Rules;
- 4. a default by GBM in the performance of any of its obligations under this Agreement occurs;

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5. a warranty or representation contained in this Agreement on the part of GBM is or becomes not true or correct;
 6. any Closing Certificate given under this Agreement by GBM in respect of compliance with its obligations under this Agreement and under the Offer and the status of the representations and warranties and termination events is false, misleading, deceptive or inaccurate (whether by omission or otherwise); or
 7. any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group (taken as a whole) including:
 - (a) any change in the earnings, future prospects or forecasts of the Group from those disclosed in the Offer Materials; or
 - (b) any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those respectively disclosed in the Offer Materials; or
 8. any Government Agency commences any enquiry, investigation or proceedings or takes a public regulatory action or seeks any remedy in relation to the Offer or the Offer Materials against GBM or any of its directors in their capacity as a director of GBM, or announces that it intends to take such action.