4 December 2017

gbm RESOURCES LTD
ABN 91 124 752 745

# Scoping Study Demonstrates the Potential Economic Viability of Recommencing the Mount Coolon Gold Project, Queensland

- **Scoping Study demonstrates the current potential economic viability of mining the Koala, Glen Eva and Eugenia resources using a combination of Heap Leaching and CIL processing.**
- **LOM Highlights Summary:**

| | | |
|---|---|---|
| **Au Produced** | **Oz** | **155,000** |
| **Pre-Tax Cash Flow[1]** | **A$M** | **60.5** |
| **Production Life** | **Years** | **5.5** |
| **Pre-production and CIL/HL Plant Capital** | **A$M** | **25.2** |
| **Operating Cash Cost (C1)[2]** | **A$/oz** | **909** |
| **AISC Cost (all-in-sustaining)[3]** | **A$/oz** | **1,020** |

- **72% of Au produced is from Indicated Resources based on updated mineral resources estimates for the Koala, Glen Eva and Eugenia Deposits** (see table on page 7 for production schedule).
- **The resource areas remain open and are expected to hold high potential to extend mine life.**
- **Scoping Study completed by Independent Consultants, Mining One Pty Ltd with input from GBM and external consultants.**
- **Koala and Glen Eva deposits on granted mining leases.**
- **Next step to secure funding and proceed to complete a Feasibility Study.**

Reference Notes:

1. A$/US$ exchange 75c and US$ 1,250/oz (A$1,667) gold price.
2. C1 operating costs include all mining, processing and site administration.
3. AISC is C1 operating costs plus royalties, refining and sustaining capital, but excludes head office costs

## Cautionary Statement

The Scoping Study referred to in this announcement has been undertaken to build on the previous work completed by incorporating all three deposits with the latest resource models and assumptions and a scoping level estimate of the economic viability of an underground mine at Koala. It is a preliminary technical and economic study of the potential viability of the Mt Coolon Gold Project.

ASX Code: **GBZ**

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The scoping study is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further evaluation work and appropriate studies are required before GBM will be in a position to estimate any ore reserves or to provide any assurance of an economic development case.

The Scoping Study is based on the material assumptions outlined in the following sections. These include assumptions about the availability of funding. While GBM considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the range of outcomes indicated in the Scoping Study, funding of up to A$30 million will likely be required. Investors should note that there is no certainty that GBM will be able to raise that amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of GBM's existing shares.

It is also possible that GBM could pursue other 'value realisation' strategies such as a sale, partial sale or joint venture of the project. If it does, this could materially reduce GBM's proportionate ownership of the project.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

This announcement has been prepared in compliance with the current JORC Code 2012 Edition and the ASX Listing Rules. All material assumptions on which the forecast financial information is based have been included in this announcement, and are also outlined in the following JORC Table disclosures.

The Company notes that an Inferred Mineral Resource has a lower level of confidence than an Indicated Mineral Resource and that the JORC Code 2012 advises that to be an Inferred Mineral Resource it is reasonable to expect that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.

The Company is confident that a significant portion of the Inferred Mineral Resources for the Koala Underground mineral resource will be upgraded to Indicated Mineral Resources with further exploration work.

## Introduction

Australian resources company **GBM Resources Limited** (ASX: **GBZ**) ("**GBM**" or "**the Company**") is pleased to announce the outcome of the Mount Coolon Scoping Study (MCSS). The MCSS demonstrates that the redevelopment of the Mount Coolon Gold Project (MCGP) with its current resources has the potential to generate a strong positive cash flow.

In April 2015 GBM completed the purchase of the MCGP from Drummond Gold Limited (ASX: DGO) by the acquisition of a 100% interest in the issued capital of Mount Coolon Gold Mines Pty Ltd. The project is located 250km west of Mackay in Queensland in the northern Drummond Basin.

The Drummond Basin, one of Queensland's most prolific gold provinces and is an established gold mining region which has proven fertile for discovery of epithermal and intrusive relation gold systems. The Basin has past production of more than 4.5 million ounces of gold.

The MCGP comprises a tenement package covering a total area of 770 square kilometres in the eastern side of the Drummond Basin in Queensland. Within this tenement area, the Company has reported mineral resources containing a total of 333,500 ounces of gold (refer to the updated resources estimates included in this document – section 10).

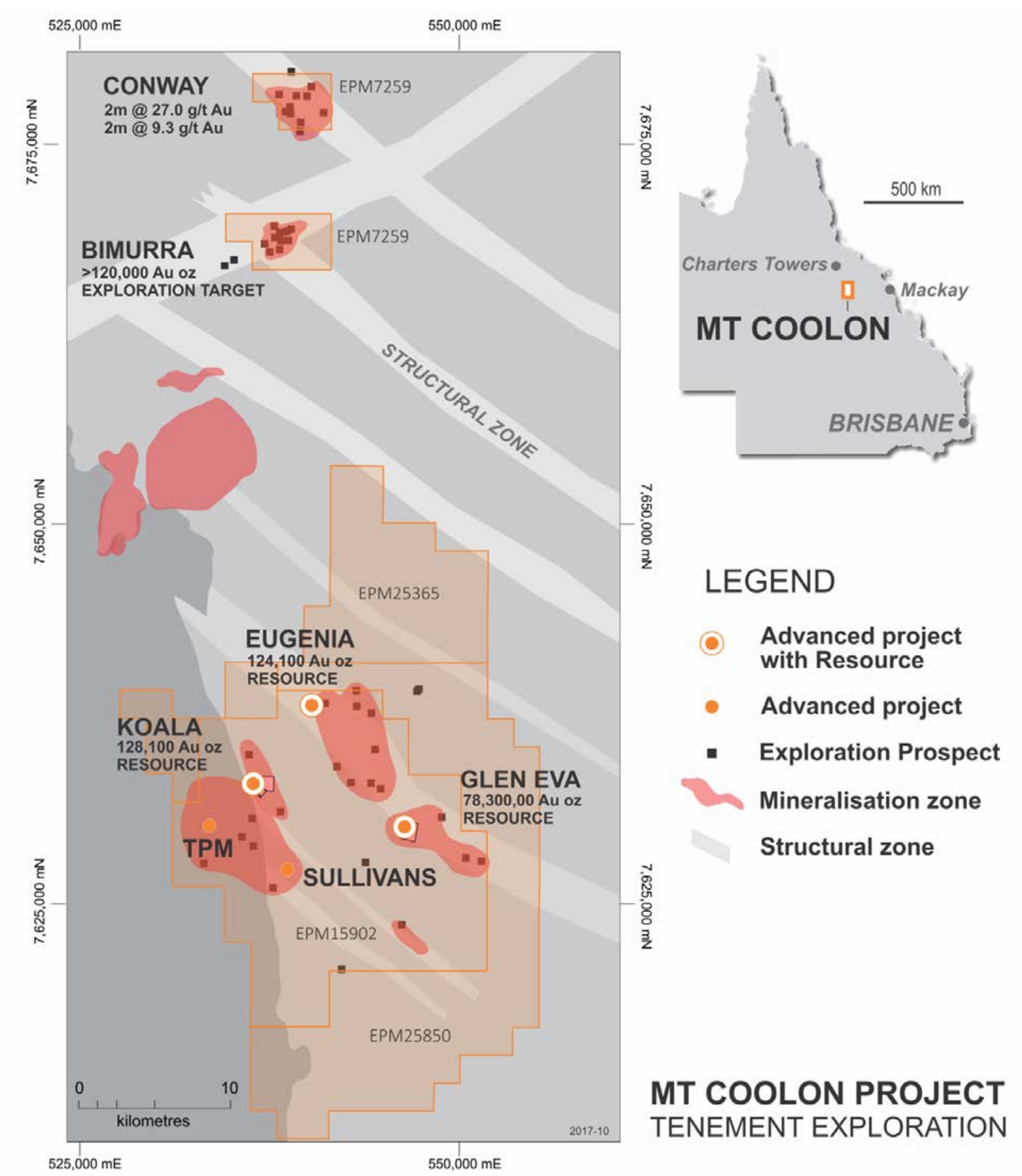
The MCSS has been based on revised mineral resource estimates. The overall change from the Annual Statement of Mineral Resources at June 30$^{th}$ 2017 (refer 2017 Annual Report) is a decrease of 4% in contained gold (10,000 ounces) with a minor increase in grade. The key reasons for these re-estimations were further drilling and location of additional QA/QC data at Koala and Glen Eva Deposits and a revised interpretation of mineralisation at Eugenia which was going from bulk low-grade mining for heap leach processing only to a combination of selective high grade mining for CIL processing and bulk mining for the heap leach processing of oxide ores.

An additional exploration target (refer ASX release 21 September 2015) of significant gold mineralisation has been quoted at the Bimurra prospect where the Company estimated an exploration target range for the mineralisation of between 10M tonnes at an average grade of 0.7 g/t Au containing an estimated 230,000 ounces of gold and 4M tonnes at an average grade of 1.2 g/t Au containing an estimated 120,000 ounces of gold. The Bimurra exploration target, is not included in the MCSS.

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

**The main focus since acquiring the MCGP has been on drilling and data validation to expand and improve on the confidence of the known resources at Koala, Glen Eva and Eugenia, to support options for near term production.**

In conjunction with the compilation of the MCSS, the Company is developing an exploration strategy with the aim of extending the current resource base on the Mount Coolon tenements to in excess of 1-2 million ounces of contained gold.




**Scoping Study Report Sections**

1. Scope of Work
2. Mine Production and Cash Flow Summaries
3. Conclusion, Financing and Risks
4. Mining
5. Mineral Processing and Metallurgical Testing
6. Infrastructure and site Layouts
7. Environmental and Permitting
8. Resource and Exploration Potential
9. Further work program Summary
10. Mineral Resources

## 1. Scope of Work

Mining One Pty Ltd (Mining One) was commissioned by GBM to perform a scoping level study on the Mt Coloon Gold Project. The MCSS evaluates the economic potential of three deposits which includes Eugenia, Koala & Glen Eva. While there is potential for the development of other mineralised targets within the Mt Coolon Gold project these three deposits are adequately defined to enable early economic evaluation of the resources to determine the viability of the project.

A scoping study that evaluated the economic viability of heap leaching the oxide resource of the Eugenia deposit was completed by Mining One and released to ASX on 23 August 2016, in addition an in-house preliminary review was undertaken in October 2016 that focused on the Koala Deposit. These studies identified that both deposits were potentially economically viable and this MCSS builds on previous work by incorporating all three deposits with the latest resource models and assumptions and a scoping level estimate of the economic viability of an underground mine at Koala.

The MCSS included the following:

- Update of processing parameters based on CIL plant located at Koala deposit and a heap leach located at Eugenia.
- Revision of open pit optimisations, pit designs and mine schedules for Koala, Eugenia and Glen Eva based upon new inputs and parameters developed in collaboration with GBM Resources, and developed by their external consultants.
- A scoping level estimate and assessment of developing an underground mine at Koala. This included underground optimisation, design and schedules.
- Economic modelling and scheduling incorporating the following sources of processing inventory:
    - Koala Tailings Re-treatment
    - Koala Open Pit
    - Eugenia Open Pit
    - Glen Eva Open Pit
    - Koala Underground

**The MCSS has been developed to a scoping level of accuracy and in its entirety, is considered to be in the order of +/- 30%.**

List of Contributing parties include:

| EXPERT PERSON or COMPANY | Area |
|---|---|
| Ian Horton, Linque Consulting | Mining strategy<br>FA Cost Estimate<br>Document compilation and review<br>Scoping study coordination |
| Bill Flannery, Timora Pty Ltd | Metallurgical plant design<br>Capex and Opex<br>Site inspection and Tailings Dam location |
| Trevor Clark, Trevor Clark and Associates | Soil studies for tailings dam location<br>Conceptual staged designs for CIL TSF<br>TSF Capital cost estimate |
| Cardno Geotechnical - Mackay | Soil testing for tailings dam investigations |
| Thomas Indrawijaya, Mining Engineer, Mining One Pty Ltd | Whittle Optimisations & Designs |
| Peter Tait, Aardvark Process Technologies Pty Ltd | PIT Dewatering Glen Eva and Koala Pits<br>Design, Capital and Operating Estimates |
| David Foster, B and S Update Pty Ltd | Principal Consultant Metallurgist<br>Test work |
| Mining One Reference Study 2015 | Heap Leach Design & Economic Estimation |
| Cameron Farrington, Principal Mining Engineer, Mining One Pty Ltd | Project Management<br>Mining Economics |
| K Allwood, Geomodelling NZ Pty Ltd | Mineral Resources for Koala and Glen Eva |
| S McManus, Skandus Pty Ltd | Mineral resource for Eugenia |
| Nikki Dickinson, Principal Mining Engineer, Mining One Pty Ltd<br>Stuart Cuthbert, Senior Mining Engineer, Mining One Pty Ltd | Underground optimisation and design<br>Underground economics |
| AARC Environmental Solutions Pty Ltd | Environmental approvals strategy<br>Environmental studies |

## 2. Mine Production and Cash Flow Summaries

A separate mining and processing schedule was developed for each discrete mining area. The open pit schedules were produced in MineSched scheduling software and the Koala underground schedule was produced in Deswik scheduling software. The resultant individual mining and processing schedules were then imported into Excel to produce a combined schedule for the total redevelopment of the MCGP.

The mining sequence used for this combined schedule was:

1. Koala Tailings Re-treatment
2. Glen Eva Open Cut
3. Eugenia Open Cut
4. Koala Open Cut
5. Koala Underground

The mining and treatment of the resources provide an expected mine life of just over 5 years, processing a total 1.215Mt of ore at 3.5g/t through the CIL and processing 1.807Mt of ore at 0.8 g/t as heap leach, producing 155,000oz of gold.

Mine Physical by Deposits (Mining Sequence from L to R)

| | | Koala Tailings | Glen Eva Open Cut | Eugenia Open Cut | Koala Open Cut | Koala Underground | Total |
|---|---|---|---|---|---|---|---|
| **Total Rock Mined** | t | 124,000 | 3,841,000 | 6,165,000 | 6,343,000 | 260,000 | 16,733,000 |
| Waste | t | 0 | 3,156,000 | 4,713,000 | 5,746,000 | 120,000 | 13,735,000 |
| **ROM Inventory** | t | **124,000** | **685,000** | **1,452,000** | **597,000** | **140,000** | **2,998,000** |
| Oxide | t | 0 | 133,000 | 1,086,000 | 64,000 | 0 | 1,283,000 |
| Transition | t | 0 | 0 | 168,000 | 156,000 | 0 | 324,000 |
| Fresh | t | 0 | 552,000 | 198,000 | 377,000 | 140,000 | 1,267,000 |
| **Dil Au Grade** | g/t | **1.7** | **2.3** | **1.0** | **2.7** | **4.6** | **1.9** |
| Oxide | g/t | 0.0 | 0.9 | 0.8 | 1.0 | 0.0 | 0.9 |
| Transition | g/t | 0.0 | 0.0 | 1.4 | 2.6 | 0.0 | 2.0 |
| Fresh | g/t | 0.0 | 2.7 | 1.9 | 3.1 | 0.0 | 3.1 |
| **Contained Gold** | oz | **6,700** | **51,600** | **48,800** | **52,700** | **24,200** | **184,000** |
| Oxide | oz | 0 | 3,700 | 29,500 | 2,000 | 0 | 35,200 |
| Transition | oz | 0 | 0 | 7,500 | 13,000 | 6,400 | 26,900 |
| Fresh | oz | 6,700 | 47,900 | 11,800 | 37,700 | 17,800 | 121,900 |
| | | | | | | | |
| **ROM Tonnes by Class** | | 0 | | | | | |
| Indicated | t | 10,000 | 534,000 | 1,244,000 | 428,000 | 43,000 | 2,259,000 |
| Inferred | t | 0 | 151,000 | 208,000 | 169,000 | 97,000 | 625,000 |
| measured | t | 114,000 | 0 | 0 | 0 | 0 | 114,000 |
| | | | | | | | |
| CIL Recovered Gold | oz | 4,300 | 35,600 | 13,300 | 42,500 | 21,800 | 117,500 |
| HL Recovered Gold | oz | 0 | 5,500 | 28,400 | 3,600 | 0 | 37,500 |
| **Total Recovered Gold** | **oz** | **4,300** | **41,100** | **41,700** | **46,100** | **21,800** | **155,000** |

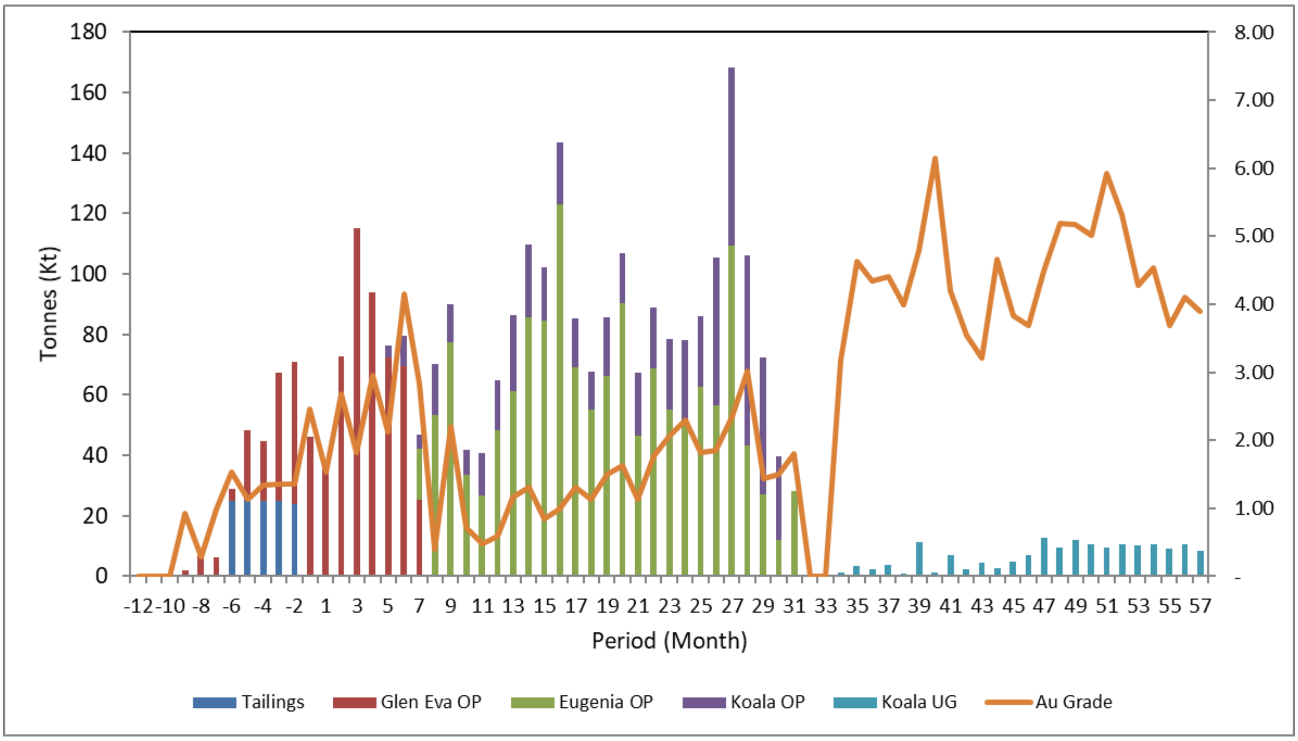
ROM – Classification of Resources in Production

| | Koala Tailings | | | Glen Eva | | | Eugenia | | | Koala Open Pit | | | Koala Undergrpund | | | Total Project | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ROM Tonnes (t) | Grade (g/t) | Contained Au (ozs) | ROM Tonnes (t) | Grade (g/t) | Contained Au (ozs) | ROM Tonnes (t) | Grade (g/t) | Contained Au (ozs) | ROM Tonnes (t) | Grade (g/t) | Contained Au (ozs) | ROM Tonnes (t) | Grade (g/t) | Contained Au (ozs) | ROM Tonnes (t) | Grade (g/t) | Contained Au (ozs) |
| **Deposit Totals** | | | | | | | | | | | | | | | | | | |
| Total Indicated | 124,000 | 1.7 | 6,700 | 534,000 | 2.3 | 40,200 | 1,244,000 | 1.0 | 41,000 | 428,000 | 2.9 | 38,800 | 43,000 | 4.3 | 6,000 | 2,373,000 | 1.7 | 132,700 |
| Total Inferred | | | | 151,000 | 2.3 | 11,400 | 208,000 | 1.2 | 7,800 | 169,000 | 2.6 | 13,900 | 97,000 | 5.7 | 18,200 | 625,000 | 2.5 | 51,300 |
| **Total** | **124,000** | **1.7** | **6,700** | **685,000** | **2.3** | **51,600** | **1,452,000** | **1.0** | **48,800** | **597,000** | **2.8** | **52,700** | **140,000** | **5.3** | **24,200** | **2,998,000** | **1.9** | **184,000** |
| **Indicated %** | 100% | | 100% | 78% | | 78% | 86% | | 84% | 72% | | 74% | 31% | | 25% | 79% | | 72% |
| **Inferred %** | 0% | | 0% | 22% | | 22% | 14% | | 16% | 28% | | 26% | 69% | | 75% | 21% | | 28% |

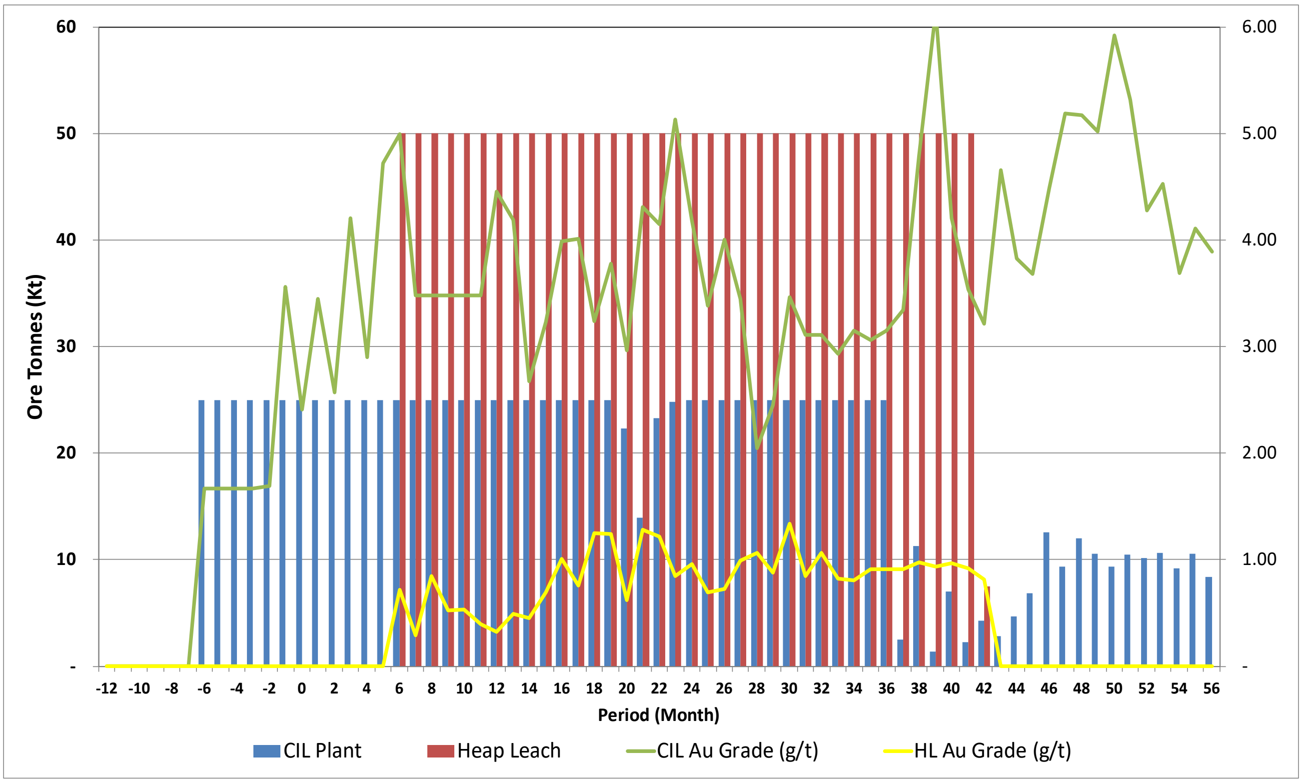
Koala Underground which has the largest proporition of ounces in the inferred classification is proposed to be mined last. The Company also advises that the low level of Inferred Resources are not a determining factor in the viability of the MCGP.

See Ore Production Schedule below.

Monthly Ore Production Schedule




Monthly Ore Processing Schedule

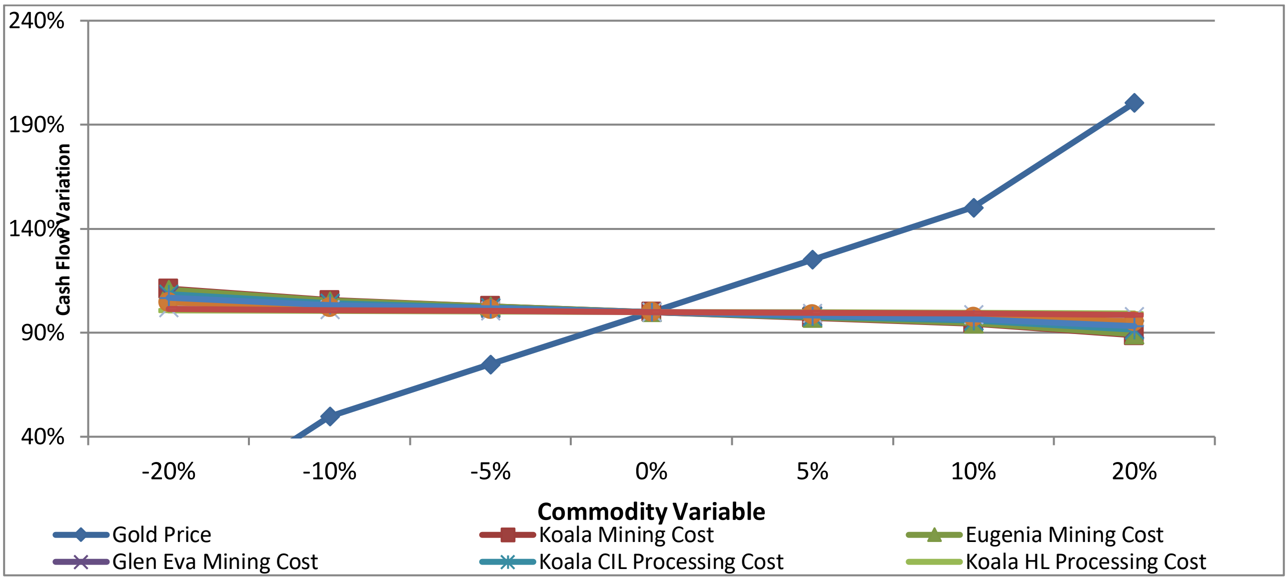


## LOM Operating Costs Summary

| OPERATING COSTS | | Total A$,000 | A$/t | C1 A$/oz | AISC A$/oz |
|---|---|---|---|---|---|
| Mining Cost - Open Cut | t/mined | 67,356 | 4 | 434 | 434 |
| Mining Cost - Underground (Development & Production) | t/mined | 10,603 | 41 | 68 | 68 |
| Processing Cost - CIL | t/CIL treated | 46,491 | 38 | 300 | 300 |
| Processing Cost - HL | t/HL treated | 16,742 | 9 | 108 | 108 |
| | | | | | |
| | | | | | |
| Royalties | | 12,923 | n/a | n/a | 83 |
| Sustaining Capital | | 4,061 | n/a | n/a | 26 |
| LOM Operating Costs | | 158,176 | n/a | 909 | 1020 |

## Cash Flow Sensitivities

In order to determine the impact of fluctuations of various mining input parameters on cash flow, a basic sensitivity analysis was performed to ±20% of the input parameters, in 5% increments. The project sensitivity was assessed against a range of assumptions and it was determined that the project is most sensitive to gold price, which is represented in the figure below:




## Net Present Value and IRR Estimates

The Company provides the following net present value (NPV) and internal rate of return (IRR) estimates based on discount rates ranging from 6% to 14% based on the mining and production, plant construction and other capital parameters included in the MCSS which have been calculated based on a level of accuracy of +/- 30%.

**Table for Pre Tax IRR and NPV values over a range of Discount Assumptions**

| | | |
|---|---|---|
| Pre Tax IRR | % | 48.3 |
| Pre tax NPV 6% | A$M | 45.3 |
| Pre tax NPV 8% | A$M | 41.1 |
| Pre tax NPV 10% | A$M | 37.3 |
| Pre tax NPV 12% | A$M | 33.7 |
| Pre tax NPV 14% | A$M | 30.4 |

## 3. Conclusion, Financing and Risks

The Directors of GBM consider that the MCSS, which is based on an accuracy of +/- 30%, has successfully demonstrated that the MCGM has the potential to add significant economic value to the Group's assets. The MCSS has outlined the potential and preferred mining and treatments plans and capital/operating costs which support the proposed MCGP production plans. The demonstrated economic value of the MCSS also gives a bench mark for potential joint venture parties.

**While the redevelopment of MCGP is on a small scale the MCSS shows it has strong cash flows, supports its capital investment, risk is manageable and has low cash costs per ounce, and can move the Company forward from an explorer to a gold producer.**

The redevelopment of MCGP has significant advantage over a number of other small producing gold projects due to its various production options which gives it flexibility in achieving its funding support.

The Company believes that its market capitalisation is likely to have an adjustment as the MCGP future development is further de-risked and funding is secured for its development. The Company has had a successful track record in raising funds and since it listed at the end 2007, has:

- Achieved Equity raisings of A$28 Million;
- Achieved JV funding of A$15 million on its Australian projects; and
- Achieved, as JV partner, funding of SGD$17 million with the successful listing of Anchor Resources Ltd on the Singapore Stock Exchange in 2016.

The Company believes that there is a reasonable basis to assume that the necessary funding to redevelop the MCGP because:

- Board has a strong history of securing funding;
- The Company has no current debt;
- Cornerstone shareholders fully support the board's proposed redevelopment of the MCGP moving from explorer to producer;
- The range of development options allow for flexibility (refer to the Production Options section below) and the associated costs are considered modest compared to MCGP's economic potential;
- The Company is currently in initial discussions with various parties in relation to the Production Options;
- Each of the three known resources within the project area are considered to hold potential for additional resource growth; and
- The Gold sector continues to remain strong.

Production Options include:

- Achieving full funding support of A$30million to redevelop the three deposits with CIL and heap leach processing; or
- Develop the MCGP by staged development commencing with the Koala and Glen Eva deposits through a CIL Plant which will require funding of A$20Million; or
- Develop the Eugenia Heap Leach deposit which will require funding of A$10 million; or
- Mine the Koala and Glen Eva deposits and Toll Treat or sell the ore to 3rd parties in the district. Funding required is estimated at A$5 million.

Like many gold projects the key risks remain:

- Access to Funding;
- USD Gold Price;
- USD / AUD exchange rates;
- Resource to Reserve conversion; and
- Not achieving mining and processing rates and adverse metallurgical recovery rates.

The following may further improve the economic and operational performance of the potential MCGP as described in this MCSS:

- Discovery of additional high value and high confidence mineral resources that may be incorporated into the potential production schedule, including:
  - Resource expansion at the Koala, Glen Eva and Eugenia deposits;
  - Increasing the proportion of resources at the Koala, Glen Eva and Eugenia deposits included in the measured and indicated categories which may allow for preferential inclusion in the proposed mining schedule; and
  - Conversion of the Bimurra exploration target into a resource category and delineation of resources at other MCGP prospects.
- Further investigations into the improvement of treatment recoveries;
- Identification of savings in capital infrastructure costs.

## 4. Mining

### Overview

GBM Resources plans to develop the Koala, Glen Eva and Eugenia deposits that will be extracted using conventional drill and blast, load and haul and dump activities. The Glen Eva and Eugenia deposits will be open pit only operations, and Koala will include both an open pit and underground operation. Additionally, the historical tailings located at Koala will be reprocessed.

Pit optimisations for Koala, Eugenia and Glen Eva were revised based upon new resources and processing strategy of both CIL and Heap Leach.

Open pit design designs were completed based on geotechnical parameters developed in collaboration with Mining One. The underground potential at Koala was also assessed as part of the study.

### Pit Designs

Designs for the pits located at the Koala, Glen Eva and Eugenia deposits have been produced in accordance to the parameters summarised in the Parameter Table below. In order to maintain a minimal footprint and achieve optimal depth, a single lane 12m wide ramp has been adopted for all designs. The single lane ramp is considered appropriate as a result of the pits shallow depth and the low production rates required by the processing plants. Design parameters assumed contract mining would be adopted using conventional 100t rigid body off-highway trucks and an appropriately sized excavator.

The design program was set up as per the Design Parameters for each deposit and the program was configured to include a CIL and a Heap Leach processing stream. The decision on which processing stream to send each parcel was based on value, with Whittle optimisation determining which process would generate the most value for each individual parcel.

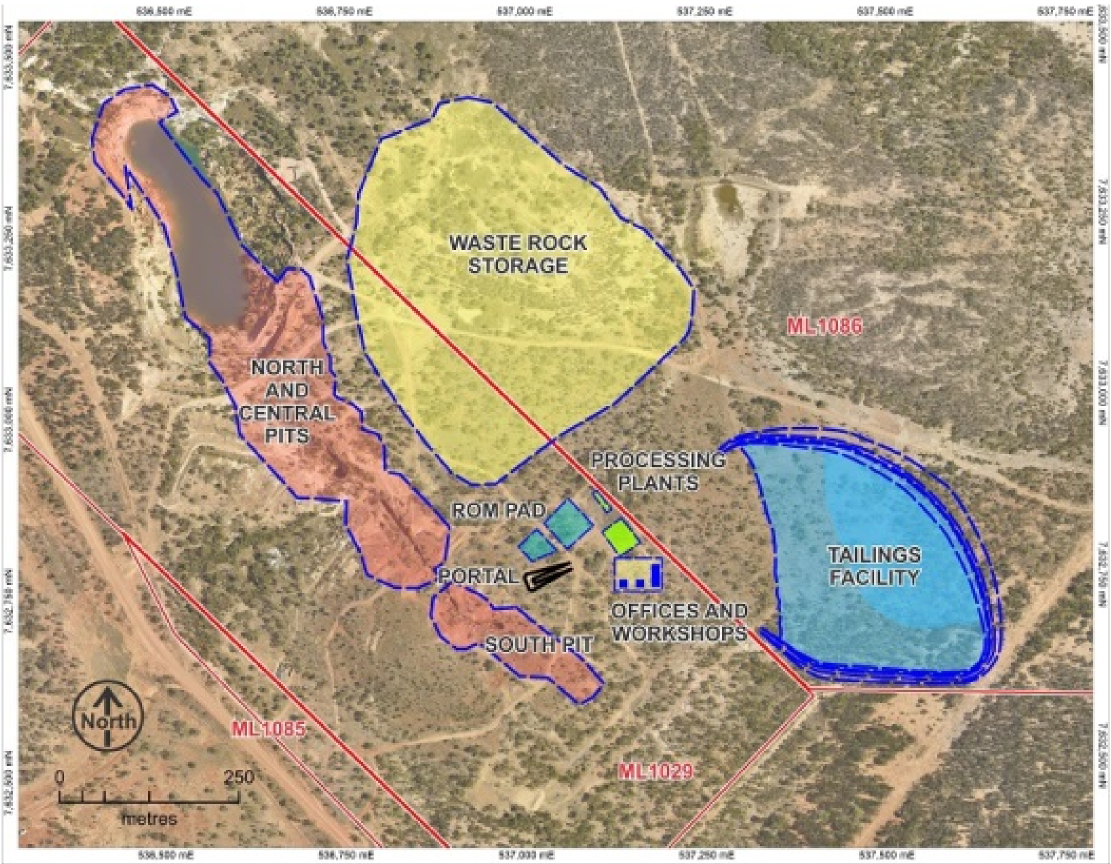
Geovia's MineSched scheduling program was used to create a mining schedule for each of the open pit areas. The mining schedules were simple bench by bench schedules targeting an annual mining limit of 3Mtpa. The output of the mining schedule was then used to create a processing schedule in Excel with the add-on OpenSolver. OpenSolver optimises the feed schedule for each material type based on the following processing rates:

- CIL – 300,000 tpa
- Heap Leach – 600,000 tpa

Additionally, the processing schedule uses stockpiling of each material type to maximise NPV.

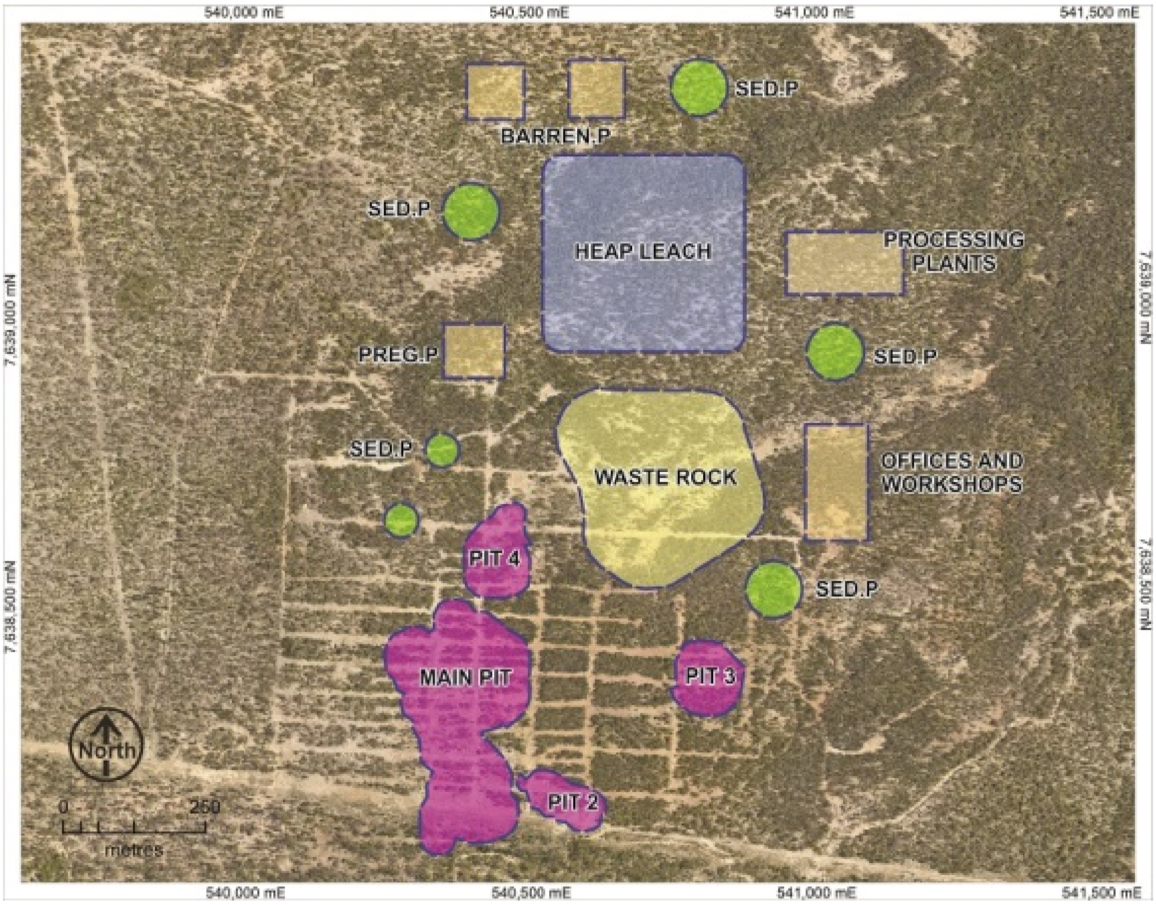
Dumps were designed to accommodate waste material mined from each of the pits. The indicative dumps have been designed to the final rehabilitated landform of 27 degrees overall slope angle.

During mining, it is envisaged that each of the dumps be generally constructed in 20m vertical lifts, with the width of the berms being refined as the project progresses. Each of the dumps have the capacity to store all waste material from that deposit. Where the full capacity of the dump is not required, either the dump height or the dump footprint may be reduced to suit the waste management requirements.




*Koala Final Pit Design incorporates a Southern pit, Central pit and the previous mined North pit and mine layout.*


*Glen Eva Final Pit Design mines the previous pit which ceased in 1996 and mine layout.*




*Eugenia Final Pit Design is made of a main pit and three smaller shallow pits. No previous mining has occurred at Eugenia. Includes Mine layout.*

## Koala Underground

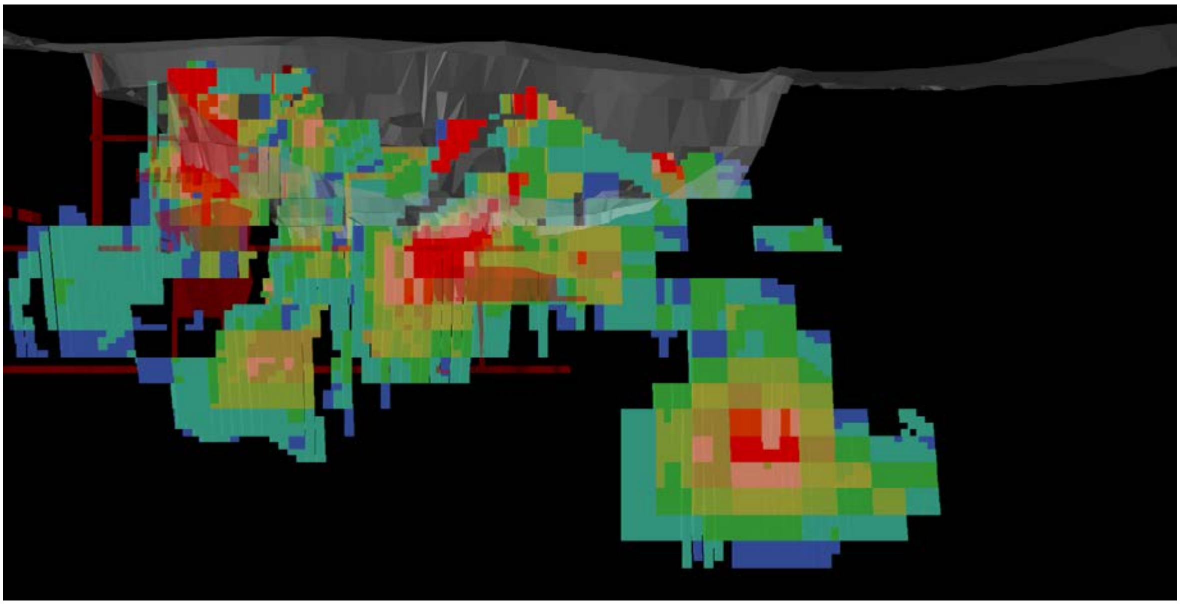
The current underground consists of three legacies from historic mining, a network of old shafts, drives and stopes mined before 1940, a decline developed by RGC during the 1980's and the Koala pit mined by Ross Mining NL in the late 1990's. The decline and main shaft are reported to remain in good condition.

Mining One has designed a new access to the northern zone from the proposed extension of the existing Koala Pit. Extending this development to the south will allow access to further material. Additional material can also be mined by utilising the current RGC decline to access ore in the 10,100mN area around the existing workings. The mine development and production design have been based around a standard retreat long-hole stoping method. The level spacing has been set at 15 metres floor to floor. Ventilation is managed with fresh air being drawn through the decline and returning to surface though a dedicated raise system with a surface fan to draw the air

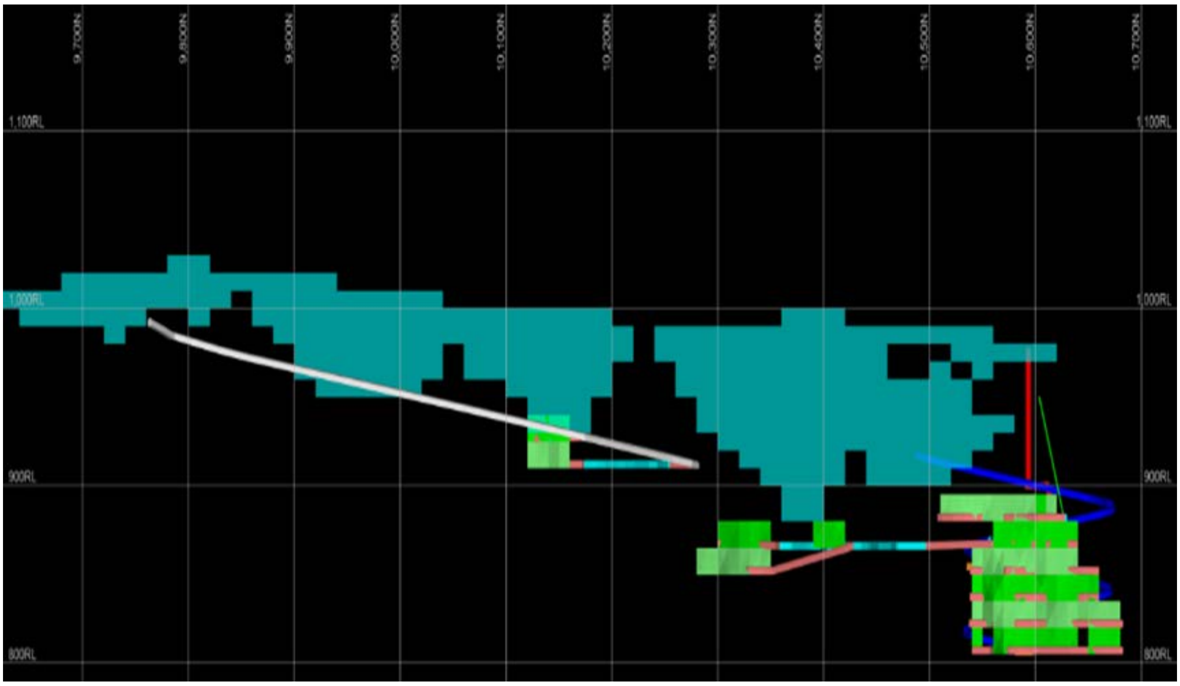
A ventilation and escape system will be established through to the surface from the new decline. The work required includes:

- Capital decline development, 839m;
- Capital decline rehabilitation, up to 578m dependent on geotechnical inspection;
- Capital vertical development, 289m;
- Operating (ore) lateral development, 775m; and
- Operating (Waste) lateral development and stripping, 689m.

Mineable Shape Optimiser (MSO) was used to estimate the economic production stoping for the Koala underground. Development design and an underground schedule were then completed for the Koala underground.



*Mineralised Blocks below and North of the current Koala Pit (Gold >2.75g/t)*




*Long Section Design (Looking West) Blue areas are mineralised material extracted by the planned open pits.*

The table below gives the grams per tonne grade range by colour.

| | |
|---|---|
| 2 to 3 | |
| 3 to 4 | |
| 4 to 5 | |
| 5 to 6 | |
| 6 to 7 | |
| 7 to 8 | |
| 8 to 9 | |
| 9 to 10 | |
| 10 plus | |

Summary of Global Design Parameters Used

| | | Tailing | Glen Eva | Koala | Eugenia |
|---|---|---|---|---|---|
| Mining - Open Pit | | | | | |
| Mining Cost | $/t rock | 0 | 4.12 | 4.12 | 4.12 |
| Mining Recovery | % | 0 | 95 | 95 | 95 |
| Mining Dilution | % | 0 | 5 | 5 | 5 |
| Mining Capacity | tpa | 0 | 3,000,000 | 3,000,000 | 3,000,000 |
| Mining - Underground | | | | | |
| Capital Decline Rehab | $/m | | | 1,923 | |
| Capital Decline (5.0mW x 5.8mH) Development | $/m | | | 3,846 | |
| Capital Other (5.0mW x 5.8mH) Development | $/m | | | 3,690 | |
| Operating Ore (4.5mW x 4.3mH) Development | $/m | | | 3,470 | |
| Stripping/Rehabilitation | $/m | | | 2,100 | |
| Vertical (4.5m profile) raise | $/m | | | 3,812 | |
| Vertical (1.5m profile) raise | $/m | | | 2,135 | |
| Waste Haulage | $/t | | | 2.13 | |
| Stope production | $/t | | | 37.81 | |
| Backfill (per tonne placed) | $/t | | | 10 | |
| CIL Mill | | | | | |
| Total Proc. Cost | $/t feed | 31.46 | 40.57 | 37.58 | 40.97 |
| Proc. Recovery: | % | 65 | | | |
| Oxide | % | | 90 | 90 | 98 |
| Transitional | % | | 84 | 90 | 90 |
| Fresh | % | | 84 | 90 | 90 |
| Ore Throughput | tpa | 300,000 | | | |
| Heap Leach | | | | | |
| Total Proc. Cost | $/t feed | | 11.39 | 11.79 | 8.4 |
| Proc. Recovery: | | | | | |
| Oxide | % | | 90 | 90 | 90 |
| Transitional | % | | 60 | 60 | 60 |
| Fresh | % | | 40 | 40 | 40 |
| Ore Throughput | tpa | 600,000 | | | |

| **Sales** | | |
|---|---|---|
| Au Price | $/oz | 1,667 |
| Royalty | % | 5 |
| Others | | |
| Tax Income | % | 0 |
| Discount Rate | % | 10 |
| Conversion | | |
| AUD -> USD | AUD/USD | 0.75 |
| ounces -> gram | g/oz | 31.10348 |

## 5. Mineral Processing and Metallurgical Testing

Heap Leach Facility

The Eugenia Heap Leach facility will include leach pad and collection ponds that consist of process ponds and a storm pond. The leach pad will consist of three phases and was designed to accommodate approximately 2 million tonnes (Mt) of material with a nominal maximum heap height of 15 m above the pad liner. A schematic representation of the Heap Leach process is presented in figure below.

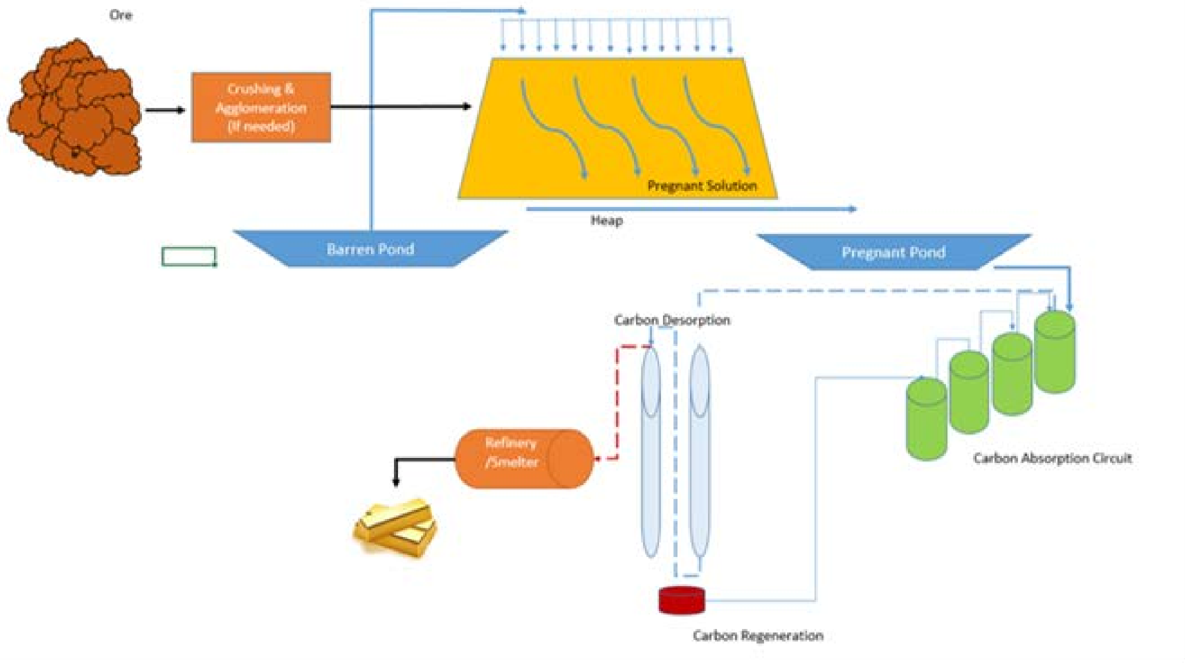



*Figure Heap Leach Process Schematic*

The heap leaching process assumes stacking crushed gold bearing ore on the leach pad in lifts and leaching each individual lift to extract the gold. Barren leach solution (BLS) containing dilute sodium cyanide will be applied to the heap surface using drip emitters. The primary leaching cycle of the heap is up to 90 days.

The solution will percolate through the heap to the drainage system above the pad liner, where it will be collected in a network of perforated drain pipes embedded within a granular cover drain fill layer above the liner. Leach solution of intermediate grade will gravity flow to the process pond, where it will be pumped back onto the heap as intermediate leach solution (ILS) for further leaching of the material. This will produce a higher gold grade pregnant leach solution (PLS) that will gravity flow to the Absorption, Desorption and Refining plant for processing to extract the gold.

The build- up of processing costs included:

- Crushing, Agglomeration and Stacking;
- Leaching, Adsorption and Stripping;
- Reagents and Power; and
- Labour and Maintenance.

## CIL Plant Facility

It is currently proposed that a Carbon in Leach (CIL) plant is to be constructed in close proximity to the Koala deposit and a heap leach be constructed similarly close to the Eugenia open pit. These locations have been selected based on material logistics to minimise ore haulage lengths as well as maintain site access.

The CIL plant has been designed at a capacity of 300,000tpa and will initially treat the existing tailings stockpiled near the Koala pit and then process the higher grade ore from the Koala, Glen Eva and Eugenia deposits. The CIL plant has been designed to be modularised and will have the ability to be relocated at a later stage. Ore from the Glen Eva pit and Eugenia will be transported via trucking the 15km to the proposed treatment plant site.

It is anticipated that it could take approximately 12 months to complete the construction of the treatment plant, however the construction sequence of the treatment plant will allow the historical tailings from the Koala pit to be processed prior to the plant being fully constructed. It is expected that treatment of Koala tailings with a partially built plant can be commenced at approximately 6 months into construction.

The heap leach located at Eugenia has been designed to accommodate 2Mt and will treat the lower grade ore from the three deposits. The Eugenia open pit contributes approximately 75% of the total ore heap and as such was chosen of the most efficient location for the facility.

## CIL Plant Description

It is expected that the crushing and processing plant will be operated with a combination of manual and PLC control. Flowmeters will be installed on the important water flows and reagent flows, a weightometer installed on the mill feed conveyor and variable speed drives on the feeders and slurry pumps to assist the operator in controlling the treatment plant.

The Koala tailings is planned to be treated first with a partially completed run of mine ore treatment plant and the treatment plant will consist only of equipment modules that can be used for the future treatment of run of mine ore.

The metallurgical parameters required for final treatment plant design needs to be completed by additional metallurgical test work on representative tailings and ore samples using the proposed site process water.

## CIL Plant Parameters

| Description | Run of mine ore | Koala Tailings |
|---|---|---|
| Run of mine feed size | <500mm | 80%-90 micron |
| Ore feed grade | 2-5g/t Au, <0.1-20g/t Ag | 1.7g/t Au, 1.7g/t Ag |
| Abrasion Index | 0.2-0.6 | |
| Ball Mill Bond Wi | 11.3-23.7 (average 17) | 15 |
| Gravity Gold recovery | Not Required | Not Required |
| Ground ore viscosity | moderate to high | high |
| Leach grind size | 80% -75micron | 80%-38 micron |
| Leach solution characteristics | Not preg robbing | Not preg robbing |
| Required leach time | 24 hours | 24 hours (actual 36 hours) |
| Cyanide Leach gold recovery | 90% | 60% |
| Cyanide Consumption | 1kg/t | 1 kg/t |
| Lime Consumption | 0.8kg/t | 0.8kg/t |
| Oxygen Consumption | Not required | Not required |
| Cyanide detox leach tailings | Use air/ SO2 process | Use air/SO2 process |
| Cyanide detox residence time | 3 hours | 3 hours |
| SMBS dosage rate | 0.2kg/t | 0.2kg/t |
| CuSO4 dosage rate | 0.1kg/t | 0.1kg/t |

## Key sections of the CIL plant are summarised as follows:

### Crushing

- The crushing section will operate about 65% of the time at a feed rate of about 60tph and feed direct to the mill feed bin and also produce an excess stockpile of crushed ore to ensure continuous operation of the milling section 24 hours per day.
- Ore will be reclaimed from the ROM bin by a variable speed vibrating grizzly feeder that will allow -60mm material to bypass the primary crusher and the + 60mm material to flow into the primary jaw crusher.
- A single toggle jaw crusher will be used as the primary crusher and the crusher discharge will be set to less than 100mm.

### Mill Feed Bin and Lime Addition

- The mill feed bin & lime addition is required for treating both Koala tailings and run of mine ore. The mill feed bin will have a live capacity of about 30 tonne and be fed either directly from the crushing plant, the FEL reclaiming crushed ore or Koala tailings being trucked and directly dumped.
- A 30 tonne lime silo will be installed beside the mill feed conveyor and the silo discharge auger will feed lime directly onto the mill feed conveyor.

Milling

- o Mills discharging to a common mill discharge hopper. Two ball mills each with 480kW motors installed have been selected rather than one larger single mill.
- o The two mills will be identical except one mill will be left hand drive and the other right hand drive. As the mills are identical only one set of spares is needed for the two mills.
- o When treating run of mine ore one mill will be the primary mill and grind the 80% -12mm crushed feed to about 80% - 600 micron and operate in open circuit.
- o The other mill will operate as a regrind mill.

Cyanide Leach & Carbon Adsorption of Gold (CIP)

- o The circuit is configured as a CIP with two stage leach tank and five stage carbon adsorption tanks. All of the tanks will be mechanically agitated.
- o When treating run of mine ore 24 hours per day the two leach tanks will each have a capacity of about 450m$^3$, equivalent to about 7 hours residence time each for a total of about 14 hours.
- o The 5 carbon adsorption tanks will each have a capacity of about 180m$^3$, equivalent to about 2.9 hours residence time for a total of about 14.5 hours.
- o Total leach and adsorption time being about 28.5 hours.

Cyanide Detoxification

- o The process used for cyanide detoxification will be the air/SO2 process.
- o In this process sodium metabisulphite (SMBS) and copper sulphate (CuSO4) will be added to the slurry in severely air agitated tanks.
- o Two cyanide detoxification tanks in series will be installed and will each have a capacity of about 100m$^3$, equivalent to about 1.5 hours residence time for a total of about 3 hours.

Carbon Desorption and Regeneration

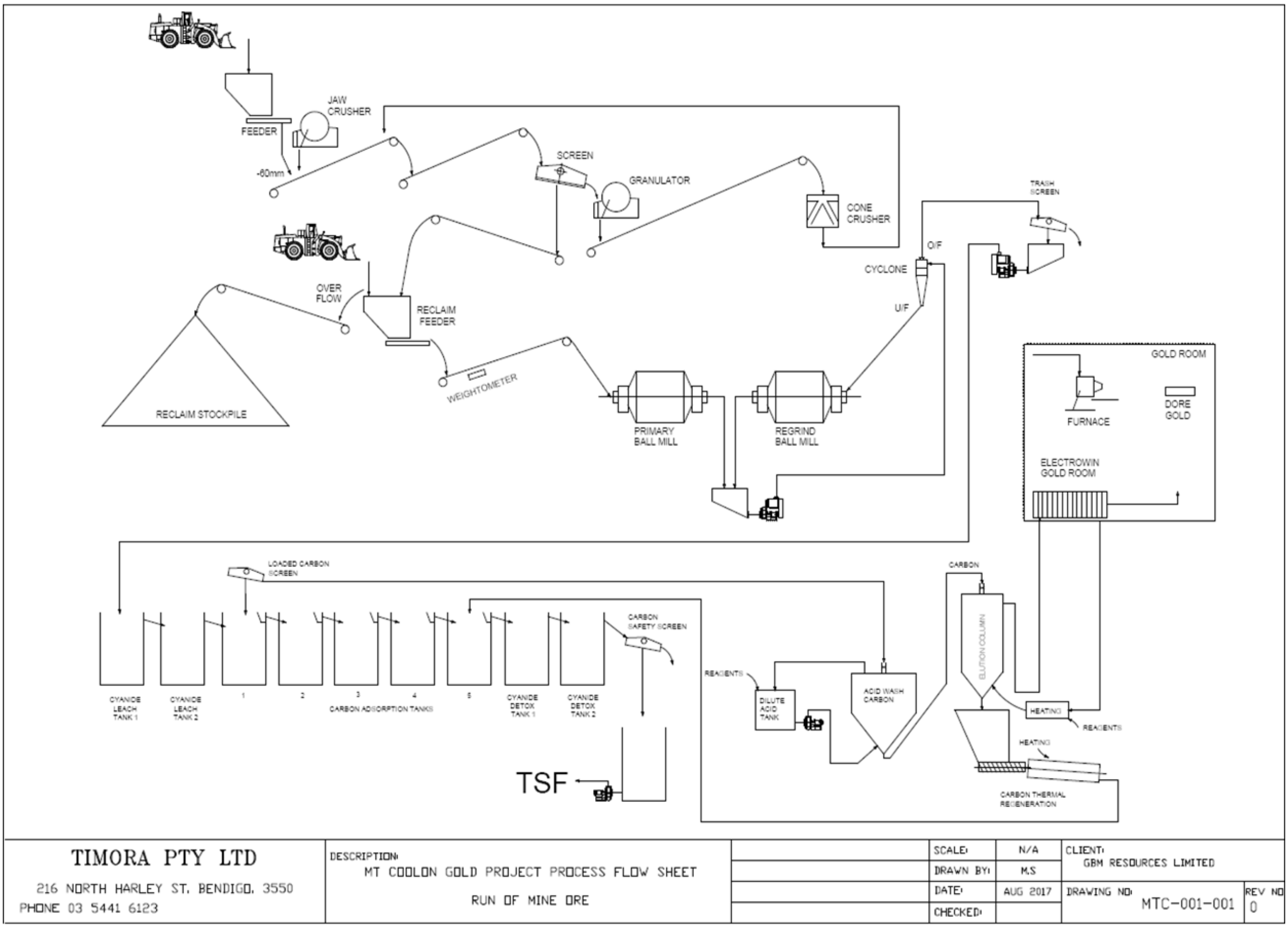
- o When initially treating old Koala tailings 60 hours per week it is expected that the carbon will load to about 1,500 g/t Au and 1,500 g/t Ag in the adsorption tanks and be stripped to < 100 g/t Au and 100g/t Ag.
- o When treating run of mine ore the average feed grade to the treatment plant will be 3g/t Au and 9g/t Ag and it is expected that the carbon will load to 2,200g/t Au and 6,600g/t Ag.
- o Approximately 2,050 grams of gold and 6,450 grams of silver will be recovered for every tonne of carbon stripped.
- o It is expected that it will be necessary to strip about 8 tonnes of carbon each week.

Carbon Desorption & Electrowinning

- o The 3 tonne batch Zadra process consist of circulating a 1% sodium hydroxide and 0.1% sodium cyanide water solution up flow through the stationary bed of loaded carbon in the elution column (7m$^3$) at a flow rate of about 14m$^3$/hour at a temperature of about 98 deg C.
- o Gold and silver are desorbed from the carbon and the pregnant solution flows to electro winning on stainless steel cathodes.
- o The gold and silver depleted solution from electro winning is reheated and returned back through the elution column until most of the gold and silver is stripped off the carbon and plated on the stainless steel cathodes.

<u>Gold Room</u>

- The Gold Room will contain the electrowinning cells and the gold dore smelting furnace and be a secure area with restricted personnel entrance.
- The equipment needed for the removal of the gold and silver from the electro win cathodes and the filtering and drying of the gold/silver sludge will be contained within the gold room.



Metallurgy Test Work Overview

Metallurgical understanding of the various ore types is well advanced. Ores from both Koala and Glen Eva have previously been treated through a CIL plant at Mt Coolon, operated by Ross Mining in the 1990's.

In 2008, a scoping study was conducted by Ausenco (Mt Coolon Gold Project Scoping Study Report, conducted for Drummond Gold Ltd, October 2008). The study contains results from a number of test work reports conducted on samples from the Eugenia, Koala and Glen Eva deposits.

Because of this past treatment and test work, gold recoveries for oxide ore types through a CIL plant are generally well understood, with recoveries being around 90-95%. Gold recoveries for primary (sulphidic) ores from the deposits are a little less understood, with some recoveries being lower than oxide ores.

GBM Resources is conducting metallurgical test work on drill core from the various deposits as it becomes available.

CIL test work on the Koala deposit has essentially been completed, with gold recoveries agreeing with historical results, at 90% – 92%, from the various mineralisation types, including primary (sulphidic) samples.

Test work has commenced on Glen Eva core samples, with initial CIL results approaching the historical 90% recoveries.

CIL test work has yet to be commenced on the Eugenia deposit. Past results are available, with acceptable, high gold recoveries.

Refer to the Design Parameter Table on page 16 of Section 4 'Mining" for the summary of CIL and Heap leach recoveries use on the deposits.

## 6. Infrastructure and Site Layout

There is currently no significant existing infrastructure at the proposed Mount Coolon site. There has been previous mining activity at several of the deposits within the MCGP, with historical open pit and underground mining at Koala and open pit mining at Glen Eva.

Figures in Section 4 show the proposed infrastructure layout of the various items at Eugenia and Koala.

It is proposed that the following site infrastructure will be required:

Koala

- Site security gate;
- Container or modular type offices;
- Cyanide receiving and mixing system;
- Reagent storage shed;
- Fuel storage and generators;
- Site potable water treatment and distribution system;
- Sanitary waste water collection and treatment systems;
- Mine equipment park-up and servicing area; and
- Processing Infrastructure
    - Crushing Circuit
    - Ball Mills
    - Leach Tanks
    - Tailings Dams
    - Run-off Sedimentation Ponds.

Eugenia

- Site security gate;
- Container or modular type offices;
- Cyanide receiving and mixing system;
- Site potable water treatment and distribution system;
- Sanitary waste water collection and treatment systems;
- Processing Infrastructure (Heap Leach Pad)
    - Crushing circuit
    - Heap leach pools
    - Leach collection pipework and pumps;
- Fuel storage and generators; and
- Mine equipment park-up and servicing area.

Glen Eva

- ➢ Container or modular type offices;
- ➢ Fuel storage and generators; and
- ➢ Mine equipment park-up and servicing area.

## Construction Method and Capital Summary

### CIL Treatment Plant

The method of plant construction will allow for ease of assemble at site and ease of any future dismantling. The method of construction aims to reduce the fabrication time on site as much as possible with the aim of doing most of the fabrication off site in a lower cost environment.

Two ball mills have been selected rather than one larger mill as the two mills can be of a size that can be mounted on a bolted steel base and be test assembled on the steel base at the manufacturing plant complete with girth gear, pinion, gearbox, electric motor, guarding, girth gear lubrication, trunnion bearing lubrication, feed chute installation, discharge trommel installation and mill rubber lining installation.

After inspection at the manufacturing plant, the ball mills will be dismantled for freight to Queensland.

The design will be for modular construction of each process step and this will enable some process steps to be added or removed at different times with little impact on the rest of the treatment plant.

All of the steel work, piping materials, electrical materials and the equipment will be supplied new. The design has allowed for:

- o Most of the steel fabrication including the leach tanks is likely to be carried out overseas and for these items to be bolted structures and containerised for shipment to a Queensland port;
- o The major items of equipment complete with electrical motors are expected to be purchased from China and for this equipment, except for the ball mills, to be containerised for shipment to Queensland;
- o The ball mill shells because of their size to be shipped by the more expensive “break bulk” freight;
- o The steel pipe work to be as bolted sections fabricated overseas and containerised for shipment to Queensland;
- o The poly slurry flow lines and reagent lines to be purchased in Australia and
- o All electrical work to be carried out in Australia by Australian companies.

### Heap Leach

A preliminary construction schedule will be developed during the proposed next Feasibility Study stage. The initial construction effort will include all haul road infrastructure, foundation preparation and installation of infrastructure, including clearing, foundation preparation, installation of underdrains, and construction of perimeter access roads, haul road and construction of the composite liner system and over drain system.

Optimization of the construction schedule should be further evaluated during detailed design and discussions with qualified contractors initiated as part of the construction planning and sequencing.

Infrastructure Capital Items

| Capital Item | AUD $,000 |
|---|---|
| Component List: | |
| Engineering Studies | 221 |
| Mining infrastructure | 1,033 |
| Koala Dewatering | 2,548 |
| Tailings CIL Plant | 6,117 |
| Final CIL Plant | 5,995 |
| TSF Stage 1 | 266 |
| TSF Stage 2 | 678 |
| Eugenia Heap Leach | 7,081 |
| Eugenia Infrastructure | 1,231 |
| Summary: | |
| Heap Leach Plant | 8,312 |
| CIL Plant | 12,112 |
| Tailings Dam | 944 |
| Pre-production capital | 3,802 |
| **Total** | **25,170** |

Pre-production and plant capital paid back within 24 months.

# 7 Environmental and Permitting

The existing MCGP consists of three deposits being Koala and Glen Eva and Eugenia. Historically, the Koala and Glen Eva operations involved open cut mining with ore road-haulage to the Yandan site for treatment. All mining operations ceased at Koala in 1996, with the bulk of rehabilitation undertaken shortly thereafter. The Glen Eva mining operations were completed in December 1997 and the majority of the rehabilitation works were completed shortly thereafter.

The MCGP holds a site specific Environmental Authority (EA) EPML00449313, which authorises mining activities on Mining Leases (MLs): 1029, 1085, 1086 and 10227, which include the Koala and Glen Eva deposits. The MCGP is seeking to recommence operations under this existing approval, with some variations.

No previous mining has occurred at Eugenia and no existing approval exists for the Eugenia deposit. Environmental Authority and Mining Lease applications will be required at Eugenia in order to proceed to mining activities.

## Mount Coolon Development Plan

A staged mine development plan has been proposed for the MCGP consisting of:

1. An on-site tailings retreatment plant for reprocessing of the old tailings dump located at the Koala site.
2. Recommencement of mining operations at Glen Eva followed by mining at Eugenia. The processing plant initially constructed for the Koala tailings retreatment will be modified to include a crushing and screening module at the front end. New mining voids, waste rock dumps, and tailings storage areas are proposed. The Eugenia deposit comprises a greenfield mine development in close proximity to the Koala and Glen Eva sites.
3. Recommencement of mining operations at Koala.

## Tailings Retreatment

The existing tailings dump is known to be a historic source of contamination on the Koala site. Presently, mineralised runoff and seepage from the dump is directed to the mining void for containment. Introduction of the reprocessing technology is likely to improve environmental conditions by removing a source of contamination to the pit. Furthermore, contaminated water that has accumulated in the mining void will be consumed in the re-treatment process.

Activities will require an EA amendment application, to authorise the construction and operation of the processing plant and new water storage facility. Reprocessing activities are planned within the existing mining lease area, therefore no approvals under the *Mineral Resources Act 1989* (MR Act) will be required. The application is not likely to require Commonwealth Government approval under the *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act), as no impact on any matters of national environmental significance are anticipated (subject to final mine design).

The EA amendment application process is likely to trigger a minor amendment due to the small scale of development and the net environmental benefits for the site, associated with removing an existing source of contamination.

Environmental impact studies are well underway at the Koala site, reducing the overall time required to prepare the EA amendment application. Assuming the minor amendment assessment pathway, a grant of the amended EA is likely within 4-6 months.

## Mining of Koala and Glen Eva

The Company plans to recommence mining operations at Glen Eva and then Koala. The processing plant constructed for the tailings retreatment will be modified to include a crushing and screening module at the front end. New mining voids, waste rock dumps, and tailings storage areas are also proposed.

Activities will require an EA amendment application, to authorise the proposed new mining and infrastructure areas, as well as, the final solution for managing water in the existing void. All activities are planned within the existing mining lease areas, therefore no approvals under the MR Act will be required.

A further EA amendment will be sought to authorise the change in mining activities and the associated additional disturbance footprint.

Existing baseline environmental studies have commenced at the Koala and Glen Eva sites, reducing the overall time required to prepare the EA amendment application.

The grant of the amended EA is likely to take 8-12 months.

## Mining of Eugenia

The Eugenia deposit presents an opportunity for greenfield mine development in close proximity to the Koala and Glen Eva deposits.

The approval process will likely take the form of a major EA amendment under the EP Act and new ML application under the MR Act.

To commence mining operations at Eugenia it is expected to take 12 – 15 months to secure an amended EA.

Long lead time baseline surveys have already commenced over the proposed Eugenia site to minimise the risk of delay for approvals.

## All Sites – Permitting Cost Summary

| Estimated Permitting Costs Summary (costs included in pre- production capex): | | |
|---|---|---|
| | | Cost $,000 |
| Koala Old Tailings Reprocessing | Minor EA amendment | 237 |
| Mining Koala & Glen Eva | Major EA amendment | 384 |
| Mining and Heap Leach at Eugenia | EA and Mining Applications | 474 |
| | Total | 1,095 |

## 8. Resource and Exploration Potential

The MCGP comprises a tenement package covering a total area of 770 square kilometres in the eastern side of the Drummond Basin in Queensland. An additional exploration target (refer ASX release 21 September 2015) of significant gold mineralisation has been quoted at the Bimurra prospect where the Company estimated an exploration target range for the mineralisation of between 10M tonnes at an average grade of 0.7 g/t Au containing an estimated 230,000 ounces of gold and 4M tonnes at an average grade of 1.2 g/t Au containing an estimated 120,000 ounces of gold. The Bimurra exploration target, is not included in the MCSS.

The Drummond Basin, one of Queensland's most prolific gold provinces and is an established gold mining region which has proven fertile for discovery of epithermal and intrusive related gold systems. The Basin's past production is more than 4.5 million ounces of gold.

### Resource Upside Targets

Each of the three known resources within the project area are considered to hold potential for additional resource growth.

### Koala Potential

Gold mineralisation is hosted essentially by a single continuous structure over a strike length of approximately 900 metres and to a depth of approximately 130 metres. Based on the known mineralisation this structure contains approximately 2,800 ounces per vertical metre or 40,000 ounces every 100 metres of strike length.

Construction of 3D models of the Koala Deposit, (figure below), old workings and drilling have identified several target areas where for extensions to the known mineralisation; Down plunge to north of the existing open pit and areas of inferred resource targeted for underground development. A magnetic trend and IP feature support extension to the host structure and mineralisation. Previous drilling appears to have stopped short of the target zone. This target zone extends for over 1,000 metres to the north of the existing workings. Further IP followed by drill testing is required.

Down plunge to the south of the existing workings is very poorly tested as the apparent 'horse tailing' of the veins at surface has been previously interpreted as a classic end to a vein system. This could also be interpreted as the up-dip termination with the vein system continuing at depth. Further geological mapping and drill testing is required.

Drilling data down dip of the Koala deposit generally indicates a drop off in grade which has been attributed to a change in lithology and ultimately into a rhyodacite flow which is considered to be a less favourable host for mineralisation. However further work on the stratigraphy may provide encouragement for drill testing below the relatively shallow levels tested to date. It would be unusual for a mineralising system of this nature that extends over a strike length of one kilometre, to cut out at such shallow depth.

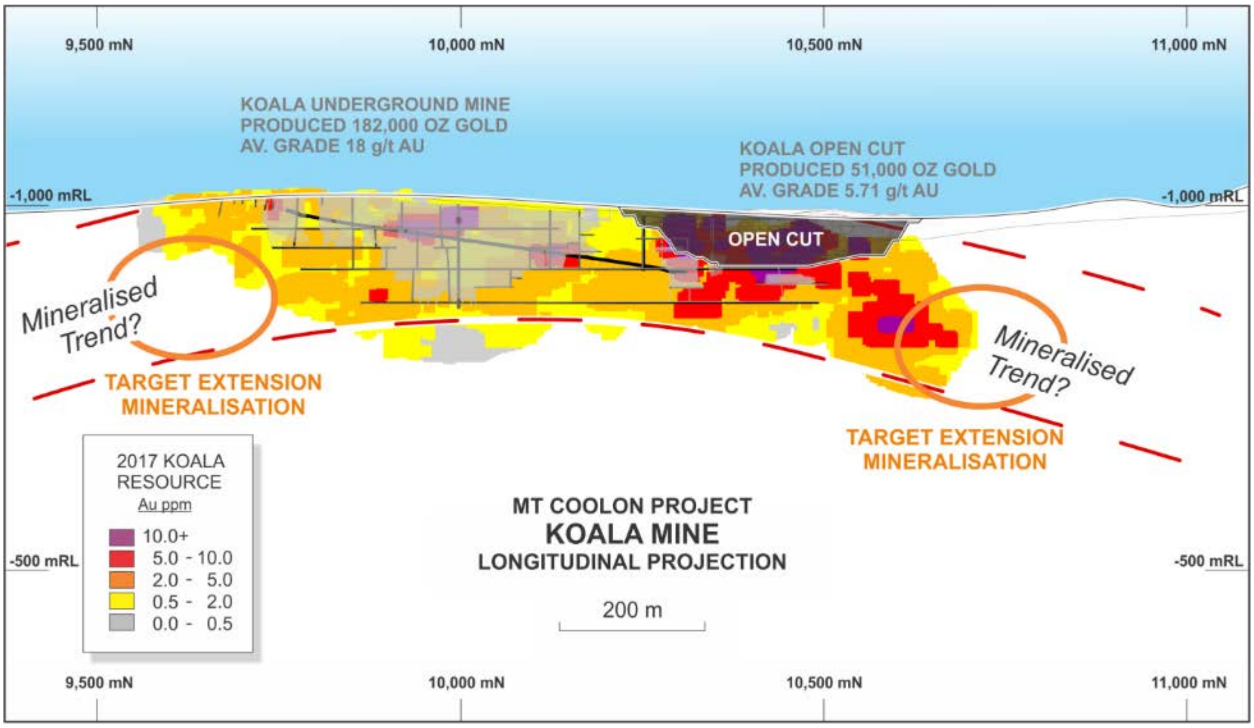



*Figure Koala Deposit Longitudinal Projection*

## Glen Eva Potential

Glen Eva, originally Hill 273, was essentially a blind discovery based largely on soil sampling completed by Dominion Mining circa 1990. Basement outcrop represented a small portion of the deposit with the majority of the mineralisation occurring beneath a cover of recent sediments and silcrete around 10 metres thick. This has hampered tracing extensions to mineralisation by traditional methods of geological mapping and soil sampling.

The Glen Eva deposit was mined by Ross mining NL over a period of nine months in 1997. The mine produced 24,185 ounces of gold, recovered from 156,000 tonnes of ore at an average recovered grade of 4.8 g/t Au (reference Glen Eva JORC Table 1). The current resource contains an estimated 66,000 ounces of gold.

Examination of available drilling data indicates that potential exists for the Glen Eva resource to be extended;

1. Available drilling suggests that mineralisation does continue to the north-west and will require further drill testing.
2. Extension or repeats of mineralisation at depth is tested by only limited drilling. The observation of mineralisation apparently overprinting a sinter in the existing open pit suggests that further gold mineralisation related to the observed sinter should be located at depth. Repetition or stacking of sinters and mineralised zones is known elsewhere in the Drummond basin and is considered a valid exploration model for Glen Eva.

## Eugenia Potential

Eugenia, originally named Police Creek, was discovered by ACM utilising soil sampling in 1989. The resource remains unmined and the current resource estimate is 3.4Mt averaging 1.1 g/t Au containing an estimated 124,000 ounces of gold. The deposit appears to form part of a NNW trend which includes the South East Silica Zone, Glen Eva and Blackbutt-Canadian gold occurrences over a strike length of some 15 kilometres.

Most of the broader prospect area is obscured by recent sediments with older, possibly Tertiary, sediments apparent to the north and east. It does not appear that these areas have been adequately tested as conventional soil geochemistry would provide a much lower level response, if any.

As discussed, the Eugenia mineralisation as currently defined forms part of a broader area which appears to have similar geophysical and geological characteristics which may also host extensions or repeats as part of a broader mineralising system.

Key areas for future testing are:

- In the immediate prospect area, there are a number of areas of anomalous soil geochemistry which have not been adequately drill tested. For example, the Cicada East area is now supporting a proposed small open pit, but mineralisation remains to be closed off by drilling;
- Preliminary analyses of high quality airborne magnetic data has resulted in a cluster of seven targets for further testing within a radius of three kilometres of the centre of the Eugenia Prospect. This would involve detailed surface mapping and soil geochemistry supported by bedrock drilling (RAB) before IP and follow-up drilling; and
- A steeply dipping, high grade 'feeder zone' may exist at Eugenia, this is supported by several holes in the available drilling database. Further detailed analyses and drill testing is required.

The directors consider that these programmes have a high chance of adding to the resource base and potential mine life in the short term and will be a high priority.

## 9. Further Work Programs

**It is recommended that based on this MCSS that project progress directly to a feasibility level to improve the study accuracy (plus or minus - 15%) in the economic assessment.**

Geotechnical

- For each of the pits, confirm design batter angles, batter heights and berm widths to provide overall slope angles for each rock type, degree of weathering and wall orientation to structural features.
- Conduct rock mass quality assessments to confirm permissible stope sizing, support requirements and likely rock stress regime for Koala underground.
- Assess principal stress directions and magnitude as inputs to next round of stope designs.

Hydrogeology

- Undertake further hydrological studies to confirm water supply options and recommendations for each of the mining and processing locations. The studies should confirm road watering, dust suppression, potable water and process water requirements.
- Confirm rainfall catchment potential and recycling options, groundwater inflows, and predicted bore performance.
- Confirm aquifer recharge and evaporation estimates for Koala and Glen Eva pits and nearby water runoff ponds/water storages.
- Confirm overall water demand and water balances including in-pit water, groundwater and rainfall runoff.

Environmental

- Complete baseline environmental monitoring including water quality, air quality and noise monitoring.
- Finalise Environmental Authority amendment applications and assessment process.
- Lodge an amended or replacement Plan of Operation prior to commencement of activities.

Mining Cost Estimates

- Revisit mining cost estimates including pricing quotations from open pit and underground mining contractors.
- Assess narrow mining equipment selection and capability to reduce development driveage sizes, reduce ore loss and dilution and operating and capital cost requirements.
- Confirm costs for mining consumables including explosives, fuel and pipes.

Metallurgical Testwork

Testwork, involving large scale bottle rolls and column tests, will be conducted to examine variables such as crush size, gold recovery, heap permeability and reagent consumption. The data to be used for design criteria and modelling of the heap leach operation.

Specifically, test work will be aimed at building on the existing work to date, confirm with greater accuracy technical aspects pertaining to Heap Leach and CIL processing routes.

*Heap Leach Parameters:*

- For each deposit determine optimum crush size / recovery / cost relationship for each oxidation state.
- Conduct column leach tests in order to examine permeability of the heap, the requirement for cement addition and the kinetics of the gold leaching for the various oretypes.
- Conduct assessment of gold and silver loading on activated carbon.
- Reagent consumption rates.
- Flow sheet technical design considerations.
- Capital and operating costs including standalone power generation.

*CIL Parameters:*

- Confirm Bond Work Indices for each ore source and oxidation state.
- Conduct cyanide leach testwork on the various oretypes to further confirm optimum processing variables such grind size, pulp densities, cyanide concentration and usage, pH requirements and CIL conditions.
- Conduct assessment of gold and silver loading on activated carbon.
- Wear rates and sustaining capital costs.
- Tailing dam design parameters and associated construction costs.
- Capital and operating costs including power generation.
- Cyanide neutralisation process and costs.

Financial Assurance

- Update financial assurance cost models based on latest legislative requirements, Government Policy and any changes to development timelines.

## 10. Mineral Resources

### Overview

Mineral resources for each of the three deposits supporting the MCGP have been revised from previously reported versions. The new resource estimates are reflected in the November 2017 table of mineral resources for the MCGP presented below.

| Project | Location | Resource Category | | | | | | | | | Total | | | Cut-off |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Measured | | | Indicated | | | Inferred | | | | | | |
| | | 000' t | Au g/t | Au ozs | 000' t | Au g/t | Au ozs | 000' t | Au g/t | Au ozs | 000' t | Au g/t | Au ozs | |
| **Koala** | Open Pit | | | | 670 | 2.6 | 55,100 | 440 | 1.9 | 26,700 | 1,120 | 2.3 | 81,800 | 0.4 |
| | Underground Extension | | | | 50 | 3.2 | 5,300 | 260 | 4 | 34,400 | 320 | 3.9 | 39,700 | 2.0 |
| | Tailings | 114 | 1.6 | 6,200 | 9 | 1.6 | 400 | | | | 124 | 1.6 | 6,600 | 1 |
| | **Total** | **114** | **1.7** | **6,200** | **729** | **2.6** | **60,800** | **700** | **2.7** | **61,100** | **1,563** | **2.5** | **128,100** | |
| **Eugenia** | Oxide | | | | 885 | 1.1 | 32,400 | 597 | 1.0 | 19,300 | 1,482 | 1.1 | 51,700 | 0.4 |
| | Sulphide | | | | 905 | 1.2 | 33,500 | 1,042 | 1.2 | 38,900 | 1,947 | 1.2 | 72,400 | 0.4 |
| | **Total** | | | | **1,790** | **1.1** | **65,900** | **1,639** | **1.1** | **58,200** | **3,430** | **1.1** | **124,100** | |
| **Glen Eva** | Open Pit | | | | 1,070 | 1.6 | 55,200 | 580 | 1.2 | 23,100 | 1,660 | 1.5 | 78,300 | 0.4 |
| **Total** | | **114** | **0.0** | **6,200** | **3,590** | **1.6** | **181,900** | **2,919** | **1.5** | **142,400** | **6,653** | **1.5** | **330,500** | |

*Table: November 2017 Resource Summary for the MCGP. Please note rounding (1,000's tonnes, 100's ounces, 0.1 g/t) may cause minor variations to totals.*

The overall change from the Annual Statement of Mineral Resources at June 30th 2017 (refer 2017 Annual Report) is a net decrease 9% in overall tonnage, but only 4% in contained gold with a minor increase in grade. The key reasons for these re-estimations were further drilling and location of additional QA/QC data at Koala and Glen Eva Deposits and a revised interpretation of mineralisation at Eugenia which resulted in a modest increase in grade and decrease in tonnage at this deposit.

### Regional Setting

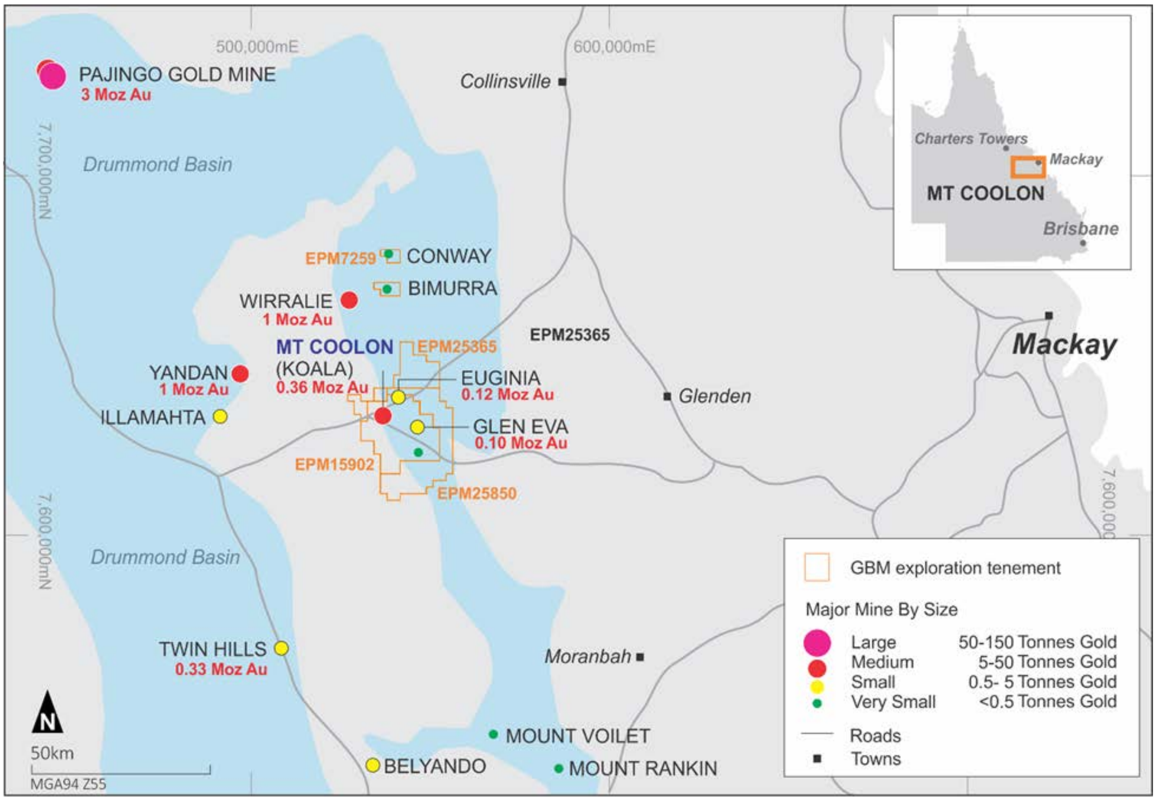



*Figure: Location of Drummond Basin and Mount Coolon Gold Project*

The Mt Coolon leases are located in the Devonian to Carboniferous aged sedimentary and volcanic rocks of the Drummond Basin (see figure above). The mineral prospects are structurally controlled low sulphidation gold epithermal systems. Sinters are common in this area and represent the highest levels of preservation of past epithermal events (Glen Eva and Verbena) to high level stockworks (Eugenia) and high grade vein deposits (Koala).

## Koala

The Koala Resource estimate (previously reported ASX release July 8th 2016) has been updated reflecting increased confidence in the area adjacent to the underground mine workings largely exploited during the 1930's. This is based on data from drilling completed by GBM during 2017 (please refer to ASX release April 27th 2017) and also improved survey information including a high resolution, survey controlled LIDAR survey flown by the company. (LIDAR, Light Detection and Ranging, a surveying method that measures distance to a target by illuminating that target with a pulsed laser light, and measuring the reflected pulses with a sensor). The overall net change is an increase of 2% in contained gold and a 3% increase in overall tonnage. The new Koala Resource is summarised in the table below. The following paragraphs provide a summary of data relevant to the resource estimate.

More detail is provided in the relevant JORC Table 1 appended to this report.

| **Koala Resource (ex tailings)** | | | | | | |
|---|---|---|---|---|---|---|
| | | oxidation | Cut-off (g/t) | Tonnes | Au g/t | Au ozs |
| By Resource Category | | | | | | |
| **Indicated** | open pit | Fresh | 0.4 | 520,000 | 2.6 | 43,400 |
| | | Oxide | 0.4 | 40,000 | 1.2 | 1,500 |
| | | Transition | 0.4 | 110,000 | 2.8 | 10,200 |
| | Total Open Pit Indicated | | | 670,000 | 2.6 | 55,100 |
| | underground | Fresh | 2 | 50,000 | 3.2 | 5,300 |
| Sub total Indicated | | | | 720,000 | 2.6 | 60,400 |
| **Inferred** | open pit | Fresh | 0.4 | 370,000 | 1.9 | 22,200 |
| | | Oxide | 0.4 | 20,000 | 0.9 | 600 |
| | | Transition | 0.4 | 50,000 | 2.3 | 3,900 |
| | Total Open Pit Inferred | | | 440,000 | 1.9 | 26,700 |
| | underground | Fresh | 2 | 260,000 | 4 | 34,400 |
| Sub total Inferred | | | | 700,000 | 2.7 | 61,100 |
| By Oxidation State | | | | | | |
| **total** | **open pit** | Fresh | 0.4 | 890,000 | 2.3 | 65,500 |
| | | Oxide | 0.4 | 60,000 | 1.1 | 2,100 |
| | | Transition | 0.4 | 170,000 | 2.7 | 14,200 |
| Total Open Pit All | | | 0.4 | 1,120,000 | 2.3 | 81,800 |
| **Total Underground** | | Fresh | 2 | 320,000 | 3.9 | 39,700 |
| | | | | | | |
| **TOTAL** | **(various)** | | | **1,430,000** | **2.6** | **121,500** |

*Table: Koala Resource Estimate (K. Allwood, October 2017) summarised by resource category and oxidation state. Please note rounding (1,000's tonnes, 100's ounces, 0.1 g/t) may cause minor variations to totals.*

### Geological Setting and Mineralisation

Auriferous epithermal veining at Koala is hosted in a thick package of shallow dipping andesitic to rhyolitic volcanic flows, which form part of the regional Drummond Basin Cycle 1 sequence.

The Koala gold mineralisation lies approximately 500m east of a major granodiorite intrusion and is preferentially hosted by porphyritic andesite.

High grade gold mineralisation at Koala occurs in a narrow, steeply dipping high grade colloform quartz vein sporadically enveloped by a wider lower grade, veinlet stockwork and is locally disrupted by faulting. The main vein has been defined by drilling over a strike length of about 1,200m and down dip about 200m.

The main vein is offset by steeply dipping, west-northwest striking cross faults with high grade zones sometimes formed at the intersection of the cross faults and the main vein. The most significant cross fault is the Sullivan Fault which forms a zone about 20m wide at the south end of the Ross Mining pit.

The main vein changes dip direction along strike. In the south it dips steeply to the west, whereas in the north it dips steeply to the east. The main vein splits into a series of splay veins at the southern end. To the North the up-dip extent of the main vein appears to be capped by a rhyolitic unit which results in a gentle north plunge to the mineralisation.

A number of alteration styles are evident including silica – sericite – pyrite + K-Feldspar associated with gold mineralisation.

Weathering varies significantly in both depth and intensity across the deposit. North of Sullivan's fault weathering is intense and extends to about 60m below surface. South of Sullivan's fault weathering is weak with fresh pyrite observed at surface and logged weathering rarely extending more than 15m below surface.

Drilling Techniques

63.4% of the drilling used in this resource estimate is diamond drilling, the balance is RC drilling. All core inspected at site (about 20 holes) was either HQ or NQ. The recent phase of GBM drilling was drilled using a combination of NQ and HQ drilling methods depending on ground conditions.

Sampling Methods

Diamond drilling was sampled as half core cut by diamond saw. RC and percussion drilling was largely sampled by riffle splitter. Sampling was generally conducted on one metre intervals except in diamond core where significant geological changes were identified during logging.

Analyses Methods

Assay results utilised to estimate this resource included those collected from drilling by a range of companies including; GBM Resources, Drummond Gold (Mount Coolon Gold Mines), Normandy, Renison Goldfields and Ross Mining. All companies used reputable commercial analytical laboratories (including; ALS, Analabs, Comlabs and Tetchem) although some Ross mining work was checked by analyses conducted at the Yandan Mine laboratory (then operated by Ross Mining). All companies used fire assay with AAS finish except some samples submitted to Classic Laboratories by Renison. Classic utilised classic fire assay method. A more detailed summary is provided in the JORC Table 1 attached to this release.

Estimation Methodology

This resource estimate was made using a block model with parent blocks of 2m (N) by 20m (E) by 10m (vert) and sub-blocks of half those dimensions. Grades were interpolated by ordinary kriging of 2.0m long composites honoring gold grade domains interpreted at a nominal 0.2 g/t Au using a maximum of 30 and a minimum of 4 composites from within a search ellipsoid of 100m by 25m by 50m. The influence of extreme composite grades (greater than 50 g/t) was limited by restricting their influence to 20m.

Bulk densities of 2.3 t/m$^3$ (oxide), 2.5 t/m$^3$ (transition) and 2.7 t/m3 (fresh) were applied to sub- blocks in mineralisation based on oxidation domain coding. All blocks inside historical mining voids were assigned a density of 0.0 t/m$^3$. Outside the gold domains bulk densities of 2.25 t/m$^3$ (oxide), 2.35 t/m$^3$ (transition) and 2.65 t/m$^3$ (fresh) were applied. The bulk densities applied are rounded median values.

The blocks were classified in accordance with the JORC 2012 code, taking into account geological continuity, the plausibility of alternative geological interpretations, data (drilling) density and configuration (distance to nearest samples, number holes used) kriging slope of regression and proximity to historical mining voids.

The block model was validated by comparison to the input composite data visually, statistically, the use of swath plots and by comparison with alternative interpolation methods.

Classification Criteria

Classification took into account:

- geological continuity;
- the plausibility of alternative geological interpretations;
- data (drilling) density and configuration (distance to nearest samples, number holes used); and
- kriging slope of regression.

Mineral resources were only classified within the gold domain.

Blocks classified as indicated have high geological confidence with no plausible alternative geological interpretation. Indicated blocks are generally within 20m of the nearest composite used for grade interpolation. All blocks in the flat and splays sub-domains were classified as inferred due to uncertainty in the geological interpretation. All blocks within 5m of the voids wireframe were classified as inferred due to uncertainty in the location of the voids.

The classification was coded directly from wireframes created from 25m spaced sectional strings enclosing continuous zones meeting the relevant resource category criteria. This was done in order to avoid discontinuous resource classification as may occur when blocks are individually classified.

In practice, the distance to the nearest sample and possible geological alternatives were given the highest weight when assessing resource categorisation.

Cut Off Grades.

The mineral resources are reported at cutoffs of 0.4 g/t Au above 880 RL and 2.0 g/t Au below 880 RL. These cutoff grades are based on scoping study level mining and processing costs with allowance for a reasonably foreseeable gold price increase.

Mining and Metallurgical Methods

This Resource estimate is based on the following assumptions, that:

- open pit and underground mining is technically feasible. This is supported by previous mining history, and open pit and underground optimisations completed as part of this scoping study;
- Testwork completed for GBM supports the use of conventional CIL processing. Previous mining was conducted successfully using conventional treatment methodologies.; and
- gold prices remain at, or around current prices (AUD$1600/oz).

## Glen Eva

The Glen Eva resource estimate (previously reported ASX release June 1st 2017) has been updated to reflect a lower cut-off grade for open pit mining and improved survey control. The net change to the previous published resource is a significant increase in tonnage and contained gold at a lower grade reflecting the lower cut-off grade used. However, when compared to the previous resource at the same cut-off grade there is negligible difference. The following paragraphs provide a summary of data relevant to the resource estimate.

More detail is provided in the relevant JORC Table 1 appended to this report.

| Glen Eva Resource | Cut-off (g/t) | Tonnes | Au g/t | Au ozs |
|---|---|---|---|---|
| By Resource Category | | | | |
| Indicated | 0.4 | 1,070,000 | 1.6 | 55,200 |
| Inferred | 0.4 | 580,000 | 1.2 | 23,100 |
| | | | | |
| **TOTAL** | | **1,660,000** | **1.5** | **78,300** |

*Table: Glen Eva Resource Estimate (K. Allwood, October 2017) summarised by resource category (Glen Eva Resource is dominantly fresh). Please note rounding (1,000's tonnes, 100's ounces, 0.1 g/t) may cause minor variations to totals.*

Geology and Mineralisation

Au-Ag mineralisation at Glen Eva occurs within a predominantly dacitic volcanic sequence of the Silver Hills Volcanics and is overlain by 20m to 30m of strataform siliceous material (previously interpreted as sinter). The sequence dips NW at about 25º. Lateritised Tertiary sediments up to 10m thick unconformably overlying the silicified zone.

Mineralisation occurs as epithermal colloform and crustiform quartz veins within tectonically and hydrothermally brecciated dacitic volcanics. Quartz veins are often brecciated and exhibit multiple phases of re-sealing. Abundant dark pyritic bands are seen in the quartz veins and these are thought to host sporadic 'bonanza' gold grades. The hydrothermal breccia, as defined by >10% logged quartz, forms a funnel shape (in section) flaring up to the base of the silicified zone.

The system is structurally complex with multiple mineralisation episodes and cross faulting. The main fault zone strikes WNW and dips steeply northwest. The main fault zone is inferred to be the feeder conduit to the overlying, gently NW dipping silicification zone ('sinter').

Quartz veining and silicification occur along the main fault, as moderately NE dipping splays and sub-parallel to the overlying silicification zone. High grade gold mineralisation occurs on the main fault and in the NE dipping splays, with grades in the NE splays generally decreasing away from the main fault (see figure below).

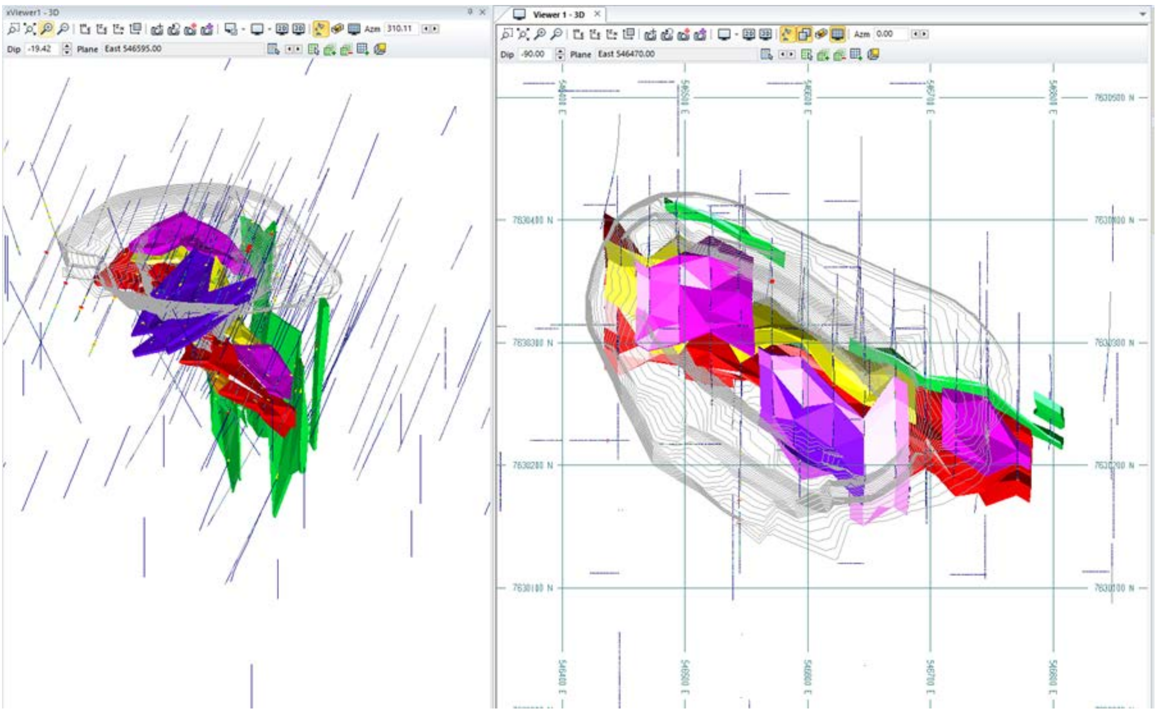


*Figure: Gold domains showing domain 50 (steep NW, green), gentle NE dipping domains (1-4) and gentle SW dipping domain (5, dark purple). Left is oblique view looking down to the northwest and right is plan view. The Ross Mining pit wireframe is shown for reference.*

Alteration is dominated by sericite – pyrite near the veins and grades out to chlorite – calcite – pyrite.

Drilling Techniques

This resource estimate is based on drilling data compiled from previous exploration and mining activity, and also two diamond drill holes recently completed by GBM. The data comprises gold assay and geological logging data from 105 drill holes drilled in several campaigns by Dominion Mining, Drummond Gold, Ross Mining and GBM. 11% of the drilling (by metres drilled) was diamond drilling, 88% reverse circulation drilling and 1% un-differentiated percussion drilling.

Sampling Methods

Diamond core was sampled using a core saw. RC drilling was generally sampled by riffle splitter and on some occasion by spear sampling. Sampling was generally on one metre intervals.

Sample Analysis Method

All samples were assayed for Au by fire assay with AAS finish.

Estimation Methodology

The raw gold assay results were composited to 2.0m prior to statistical analysis and variography. Gold grades were interpolated in a block model with parent blocks 10m by 10m by 2.5m. Interpolation was by ordinary kriging within 6 variably oriented gold grade domains interpreted at a nominal 0.2 g/t Au. The gold grade domains were used as hard boundaries. No top cut was applied but gold grades greater than 50 g/t were restricted to 20m.

Oxidation domains were interpreted from logged oxidation and used to code the block model for determination of mineralisation types.

Limited density is available so assumed densities (based on typical values for lithology and oxidation level) were assigned to blocks. All oxide material was assigned a density of 2.4 t/m3 and 2.6 t/m3 in fresh material.

Classification Criteria

The block model was classified in accordance with the JORC 2012 code. Resource classification took into account:

- geological continuity;
- the plausibility of alternative geological interpretations;
- data (drilling) density and configuration (distance to nearest samples, number holes used); and
- kriging slope of regression.

The block model was validated visually, by comparison of block model grades to de-clustered composite grades, by comparison of histograms of block and composite grades and in swath plots.

Cut-off Grades

The cut-off grade of 0.4 g/t Au for this resource is based on preliminary economics established during this scoping study using costs for this proposed operations at the Glen Eva deposit.

Mining and Metallurgical Methods

This Resource estimate is based on the following assumptions, that:

- open pit mining is technically feasible. This is supported by previous mining history and pit optimisations completed as part of this scoping study;
- Testwork completed by GBM supports the use of conventional CIL processing. Previous mining was conducted successfully using conventional treatment methodologies; and
- gold prices remain at, or around current prices (AUD$1600/oz).

## Eugenia

In order to support the pit optimisation and design aspects of the MCSS the Eugenia Resource has been re-estimated using a tighter geological interpretation. The revised resource was completed by Skandus Pty Ltd and incorporated the current version of the Eugenia database *(please refer to the JORC table 1 appended to this release)*.

The new resource estimate is summarised in the table below and contains approximately 18% less ounces than the previous version *(refer ASX announcement dated 23rd August 2016 for original resource estimate)*. This is the result of a tighter geological interpretation. The only new data since the previous resource estimate is a survey controlled high resolution LIDAR digital terrain model. The following paragraphs provide a summary of data relevant to the resource estimate.

More detail is provided in the relevant JORC Table 1 appended to this report.

| **Eugenia Resource (OK 2017 Model)** | | | | | |
|---|---|---|---|---|---|
| | | Cut-off (g/t) | Tonnes | Au g/t | Au ozs |
| By Resource Category | | | | | |
| **Total Indicated** | | 0.4 | 1,791,000 | 1.2 | 65,900 |
| **Total Inferred** | | 0.4 | 1,639,000 | 1.1 | 58,200 |
| By Oxidation State | | | | | |
| **Oxide** | Indicated | 0.4 | 885,000 | 1.1 | 32,400 |
| | Inferred | 0.4 | 597,000 | 1.0 | 19,300 |
| | Oxide Total | | 1,482,193 | 1.1 | 51,700 |
| | | | | | |
| **Sulphide** | Indicated | 0.4 | 905,000 | 1.2 | 33,500 |
| | Inferred | 0.4 | 1,042,000 | 1.2 | 38,900 |
| | Sulphide Total | | 1,947,000 | 1.2 | 72,400 |
| | | | | | |
| **TOTAL** | **(various)** | | **3,430,000** | **1.1** | **124,100** |

*Table: Eugenia Resource Estimate (S. McManus, October 2017) summarised by resource category and oxidation state. Please note rounding (1,000's tonnes, 100's ounces, 0.1 g/t) may cause minor variations to totals.*

Geology and Mineralisation

The gold mineralisation at Eugenia is a complex arrangement of at least 5 styles of structurally-controlled quartz veins and sulphide disseminations, characteristic of a low sulphidation epithermal deposit type. The host rocks are crystal-rich dacitic ignimbrites located in the Devono-Carboniferous Drummond Basin. The host units are reported to have a shallow dip to the west combined with inferences of a steeper 'feeder' zone in the centre of the mineralisation. An intermediate argillic alteration assemblage is extensively developed at Eugenia, which exhibits both vertical and lateral zonation. Higher grade gold mineralisation occurs as quartz-carbonate veins and horizons within the porous host lithologies. Outcrop is very limited with thick soil cover, namely the Tertiary Suttor Formation to the north and Quaternary sands to the south.

The weathering profile has been interpreted as a truncated lateritic profile with depth to fresh rock averaging 50m below surface. There is evidence of localised supergene enrichment of the gold associated with the base of oxidation.

For the 2017 model the geology table information was combined with the assay table information using Gemcom drill hole compositing tools, this allowed the data to be analysed in Phinar Software's X10Geo to isolate geochemical and lithological quantitative and qualitative data to identify information that would assist in modelling the upper chert horizons as well as the lower chert horizons with included hydrothermal and structural breccia's. The next section outlines the work carried out with the new geological wireframes.

A lack of drilling suggests the mineralisation is open along strike and at depth. A number of drill holes have terminated in significant gold mineralisation

Oxidation due to weathering has been defined by logged codes and low value sulphur assays. There is evidence of gold enrichment at the base of the oxide zone

Geological understanding appears to be good and appropriate for resource estimation.

Drilling Techniques

Diamond drilling accounts for 18% of the drilling used in the resource and comprises of HQ and NQ sized triple tube core. Drill hole depths range from 140m to approximately 180m. Drill core was oriented using a spear to assist in future structural interpretation. RC Drilling accounts for 82% of the drilling in the resource. The usual size of bit was 5.75". Drill hole depths range from 30m to 268m with an average depth of 105m.

Sampling Methods

Data for the Resource estimates is from a combination of RC and diamond drilling, with RC the dominant type. Sampling and analyses were conducted in line with accepted industry practice and are detailed in the attached JORC table 1. A total of 10,133 1m composites were created from the drillhole data within the alteration domain.

Analytical Methods

All samples were analysed at reputable commercial laboratories by fire assay. Refer to JORC Table 1 appended for details of laboratories and methods.

Resource Modelling and Estimation Methodology

The block model measures 400m in the east by 475m in the north and by 240m from surface. The resource is divided into 3 weathering domains, oxide, transition and fresh. Rock zones (alteration and mineralisation) are based on a 3D surface and a further alteration outer envelope to constrain block estimation. Depth to fresh rock is of the order of 50m below surface.

The estimation technique used is Ordinary Kriging (OK). OK is an appropriate linear model to use.

For the current estimate, 16 new 2017 wireframes were used to code the main mineralization zone. Air blocks were coded above the surface wireframes and the weathering profile surfaces were used to code oxide, transition and sulphide material. Blocks were coded with their percentage within the domains. All drill holes were composited down hole to 1m, and encoded with the rock code of the new domains and oxide zone. Variogram parameters were determined in Snowden Visor.

Blocks were estimated and classified using the same 3 search pass methodology as previous models. Model validation via reviewing plan and sections for general grade tenure, comparing resultant grade, tonnes and ounces and then reviewing histograms, means, variance and plots of grade in three axes. Blocks were estimated for gold, the number of samples in each search and the block variance was recorded for quality determination. The model was loaded into supervisor for model validation. Base Metals, trace elements and silver have not been re-estimated as the Alteration zone used in 2016 is still considered the best domain to use for those elements. An average bulk density of 2.09t/m$^3$ and 2.55t/m$^3$ was used respectively for oxide and sulphide material.

Visual checking of each estimated attribute was undertaken against the extracted midpoint values to ensure accurate estimation and to check for errors in the process. Issues if found were corrected. Plans and sections of estimated blocks for each attribute were produced. With drill hole data and checked to ensure the tenure of block estimates matched the tenure of the drill samples. Search pass 1 and 2 for Indicated and Search pass 3 for Inferred Resources. This is the same search pass hierarchy was used to classify the model using the same methodology as previous models.

The new LIDAR topography and 2009 base of oxidation surfaces were used to control the reporting of the oxide and sulphide resource estimates. GBM located 78 bulk density measurements for core samples allowing for default density values of 2.55t/m$^3$ for the sulphide zone and 2.09t/m$^3$ for the oxide zone.

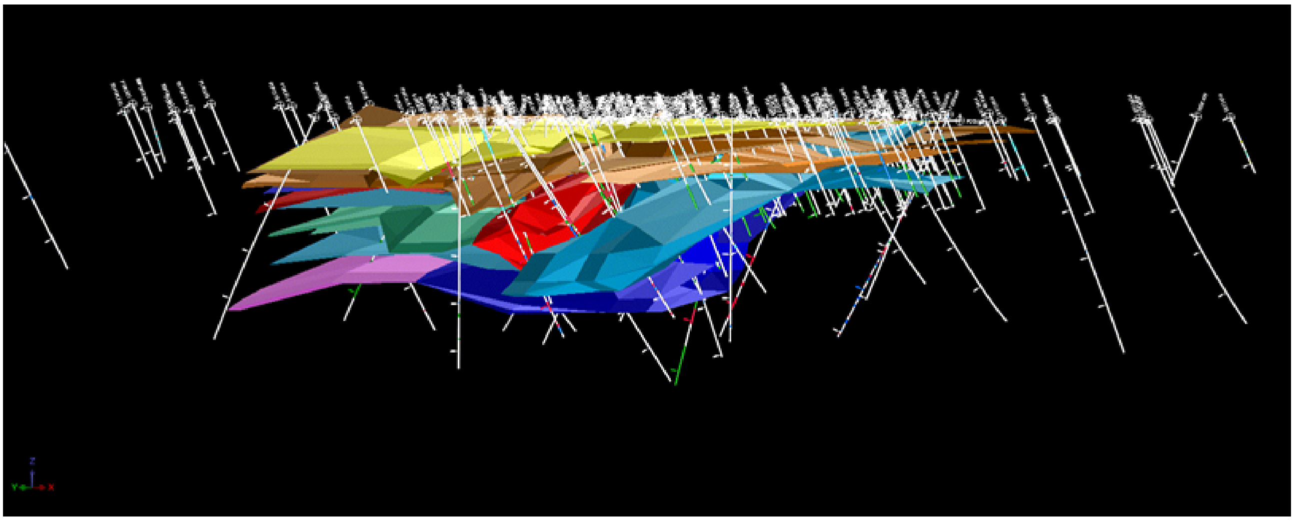


*Figure: Eugenia mineralisation and alteration zones (North East facing).*

Cut-off Grades

Reporting of the global resource estimates was for a 0.4g/t Au cut off, consistent with the previous estimate but higher than indicated mining cut-off grades which may be as low as 0.25g/t for heap leaching of oxide material from an open cut mining operation. The resource has been truncated below the 85mRL (surface is around 250mRL).

Classification Criteria

Mineral resources have been classified on sample spacing, grade continuity, QAQC, geological understanding and sensible mining depths. Blocks have been classified as Indicated & Inferred Resources only. The classification appropriately reflects the Competent Person's view of the deposit.

Mining and Metallurgical Methods

A bulk mining scenario is based on information supplied by GBM. Any internal dilution has been accounted for in with the modelling and as such is appropriate to the block size. A heap leach operation is envisaged for the oxide material.

**For Further information please visit our website at www.gbmr.com.au or contact:**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Karen Oswald
Marko Communications
Tel: 0423 602 353
Email: Karen.oswald@markocommunications.com.au

***Competent Persons Statements***

*The information in this report that relates to Koala and Glen Eva Mineral Resources is based on information compiled by Kerrin Allwood, who is a Member of The Australasian Institute of Mining and Metallurgy and The Australasian Institute of Geoscientists. Mr Allwood is a full time employee of Geomodeling Limited. Mr Allwood 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Allwood consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to the Eugenia Mineral Resource is based on information compiled by Scott McManus, who is a Member of The Australasian Institute of Mining and Metallurgy and The Australasian Institute of Geoscientists. Mr McManus is a full time employee of Skandus Pty Ltd. Mr McManus 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McManus consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Neil Norris, who is a Member of The Australasian Institute of Mining and Metallurgy and The Australasian Institute of Geoscientists. Mr Norris is a full-time employee of the company, and is a holder of shares and options in 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 2012 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.*

*The Company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcements.*

*The Company confirms that it is not aware of any new information or data that materially affects the information included in the respective announcements and all material assumptions and technical parameters underpinning the resource estimates with those announcements continue to apply and have not materially changed.*

***Reference is made to the list of Contributing Parties to the MCSS under section 1 page 6.***

***Key Project and Mining Expertise included:***

*Mr Cameron Farrington is an independent mining engineering consultant and a full time employee of Mining One Pty Ltd, and has sufficient relevant experience to advise the Company on matters relating to mine design, mine scheduling, mining methodology and mining costs for the MCGP. Mr Farrington is satisfied that the information provided in this ASX announcement has been determined to a scoping study level of accuracy and, based on the data provided by the Company, considers that progress to a feasibility study can be justified.*

*Key support staff of Mining One included Mining Engineer, Thomas Indrawijaya who completed the pit optimisations and designs, Andrew Goulsbra, a metallurgist who completed the heap leach design and economics. Principal Mining engineer, Nikki Dickinson completed the underground optimisation, design and economics.*

*Mr Horton of Linque Consulting has the role of General Manager of the Mt Coolon Gold Project. Mt Horton is an experienced Mining Engineer with more than 35 years in senior operations management and project roles in Australia and overseas, specialising in operational start-ups and improvement programmes for a number of mining companies around Australasia. His qualifications include an honours degree in Mining Engineering from the University of Queensland and an MBA from Deakin University. He is the holder of First Class Mine Manager Certificates of Competency for WA, NT and QLD.*

*David Foster is Principal Consultant Metallurgist for B and S Update Pty Ltd and advised and managed the test work programs. He is a member of the Australasian institute of Mining and Metallurgy and has over 40 years' experience as a Metallurgist. His expertise is extensive in both precious and base metals processes, optimisation, plant designs and project management.*

*Bill Flannery is a Metallurgist with over 40 years' experience and the principal of Timora Pty Ltd, a company that specialises in design, project management and construction of gold treatment plants. Mr Flannery designed the 300,000 tpa CIL plant and provided construction methodology, capex and operating costs.*

*Peter Tait, the principal of Aardvark, is an engineering hydrologist with over 40 years' experience. Mr Tait designed the dewatering program for the Mt Coolon Open cuts covering design, operating and capital costs.*

*Gareth Bramston is the principal of AARC Environmental Solutions which has a long history in Australia and Asia. The group has over 20 years' experience in environmental management in the mining industry and AARC has been advising and consulting on the Mt Coolon Project since GBM acquired it in April 2015.*

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# JORC Code, 2012 Edition – Table 1 Eugenia Gold Deposit, Mt Coolon Gold Project

## Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Sampling techniques* | • *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>• *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.* | • The project was sampled using HQ and NQ triple tube diamond drill holes (DD) (17 holes for 3130m), Reverse Circulation (RC) with DD with HQ and NQ tails (PCRCDD) (14 holes for 1,955m), RC (172 holes for 17,672 m), Rotary Air Blast (RAB) ( 130 holes for 878m) and 7 Trenches (for 1,010m)<br>• The sampling techniques used by all previous workers adhere to GBM Resources Limited standard operating procedures for exploration drill product logging and sampling and are of a standard sufficient for resource estimation. Samples were recovered in a standard wireline core barrel with inner split or 'triple' tube. Samples were pushed out from the core barrel, with the top half split was split and the core placed in a core tray of suitable dimension. Samples were from HQ and NQ size barrels. All were dispatched to ALS Group of Australia for processing. DGO undertook adequate QAQC sampling including the use of duplicates and check samples of repeats and duplicates at check labs. Other Companies undertook varying amounts of QaQc not considered adequate to modern industry standards. DGPRS Surveying equipment used was checked by the use of registered surveyors coming out and picking up collars. Down hole camera shots were checked using visual and graphical representation.<br>• All RC samples were collected through a riffle splitter via a cyclone with varying sampling intervals/processes based on the company/phase of drilling. Sampling intervals are a mixture of 1m, 2m and 4m with 1m being the dominant. Diamond holes were geologically logged and sample intervals selected on a lithological basis to a nominal maximum 1m length and a minimum 0.3m length. A blank sample and registered standard were inserted every 20 samples in the diamond core, and every 40m in the RC holes. Duplicate samples were collected every 80m in the RC holes.<br>The ACM RC samples had gold analysed using method GG313 which comprises a 50g Au fire assay and silver using G101.<br>Ross drill samples were analysed at ALS, Townsville, for Au by 50g fire assay with an AAS finish.<br>Normandy drilling samples were submitted to ALS, Townsville, and analysed for Au by 50g fire assay with AAS finish, and Cu, Pb, Zn, Ag, As, Fe, |

| Criteria | JORC Code explanation | Commentary |
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| | | Mn, Mo, Bi, Sb and S by ME-ICP. Duplicates, standards and blanks were included for quality control.<br>DGO samples were submitted to ALS, Townsville, and analysed for Au by 50g fire assay with AAS finish and 35 elements by ME-ICP.<br>In all cases whole samples were dispatched in batches to the labs for sample reduction and preparation to the final assay charge using standard industry procedures. |
| *Drilling techniques* | • *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).* | • Diamond drilling accounts for 18% of the drilling used in the resource and comprises of HQ and NQ sized triple tube core. Hole depths range from 140 to approximately 180 m. Drill core was oriented using a spear to assist in future structural interpretation. RC Drilling accounts for 82% of the drilling in the resource. The usual size of bit was 5.75". Hole depths range from 30 to 268m with an average depth of 105m. |
| *Drill sample recovery* | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | • DD Recovery was measured from core block to core block, to check core recovery. Recovery is expressed as a ratio (or percentage) of the total length of core recovered to the length of the run drilled and stored in the database. Because the core is sometimes broken up, the total length of core recovered is often measured by attempting to reassemble the broken pieces. It does not appear that Chip recovery has been addressed apart from DGO and Ross procedures for samplers to note when sample weight is too much or not enough at the rig. RC recovery was assessed at the rig, but there is no written record of this.<br>• Larger diameter HQ and NQ size core was used to provide more improved recovery and triple tube drilling employed to preserve core in a more coherent state for logging and also to improve recovery in very broken or clayey lithologies. RC Samplers were to keep an eye on sample weights produced a the rig and advise the geologist if the weight was more or less than expected. RC samples were riffle split to produce a representative sample on site, and diamond core was split using a saw.<br>• There does not appear to be a correlation between mineralisation and poor core recovery for the DD holes that have recovery recorded. The Average recovery is 99%. 80 DD samples have less than 80% recovery. Of these 60 are in the top 30m and in high weathered clays. Most low recovery samples are close to detection limit. Recovery of RC samples has not been able to be determined. No core recoveries are available for Ross or Normandy DD. |

| Criteria | JORC Code explanation | Commentary |
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| *Logging* | • *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | • All core and chips have been suitable logged to an industry standard and is appropriate to support resource estimation.<br>• Diamond core has been qualitatively logged for lithology, size, colour, texture, alteration, structure, weathering, and a mixture of qualitative and quantitatively logged for mineralisation, structure orientation, geotechnical and veining. RC chips were qualitatively logged for colour, weathering, lithology, alteration and mineralisation and DGO quantitatively logged Magnetic susceptibility for some RC holes. All core was photographed wet and dry and pre and after cutting. Digital and Analogue photography is available for DD core.<br>• All intervals for RC and DD has been logged. For a total of 22,757m |
| *Sub-sampling techniques and sample preparation* | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • Core was sub sampled by splitting it in half longitudinally with a diamond saw. Half went for assay and the other was retained for reference and future measurement and checking or metallurgical testing. Twenty four 1 m intervals of NQ diamond half core from the five drill holes 93PCDH01 to 93PCDH005 were quartered for the task of character sampling. Quartered samples were subdivided on the basis of veining, brecciation, lithology, and degree of oxidation.<br>• Chip samples were riffle split and sampled dry, which was noted in log sheets. All RC samples were collected through a riffle splitter via a cyclone with varying sampling intervals/processes based on the company/phase of drilling. ACM (PCRC001 to PCRC097) – One meter dry samples were split to gain a 1/8 representative sample. The 1/8 splits were composited into 2 m composites for assay. All 2 m composites were assayed. The 2 meter splits for assays averaged 6 kg, and varied from 4.5 to 8.5 kg, depending on recovery. Ross (93PCRC01 to 93PCRC04 and PCRC098 to PCRC0106) – One meter dry samples were split to gain a 1/8 representative sample. The 1/8 splits were composited into 2 m composites for assay. All 2 m composites were assayed. Normandy (PCRC107 to PCRC131) - Riffle split 4 m dry sample composites. Anomalous intervals were re-assayed at 1 m interval. Drummond Gold (EURC001 to EURC035, EURC042, EURC043, EURC047 to EURC052) – One meter dry samples were assayed.<br>• Sample preparation for all samples followed ALS standard methodologies |

| Criteria | JORC Code explanation | Commentary |
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| | | for gold fire assays at their Townsville lab.<br>• DGO QAQC included field duplicates inserted at every 24m, blanks at 25m while standards at every 50m. QaQc from 1990 to 1997 included check samples, twined holes and duplicates. Lab QaQc data was also reviewed. AMC appear to only to have used field duplicates.<br>• Field Duplicates were taken to ensure representative sampling. (DGO did not take field duplicates in diamond core). Ross carried out studies of twined DD holes (5 against ACM RC holes) and found 3 to have good to reasonable continuity and grade, and two to have poor continuity and grade.<br>• Diameter of core sizes employed are considered appropriate to the grain size of the gold and in line with general industry practice for epithermal style gold deposits. Field duplicates were routinely checked to ensure that they reported within acceptable limits. |
| *Quality of assay data and laboratory tests* | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>• *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.* | • ALS Au-AA25(30g charge) and Au-AA26 (50g charge) is an acceptable industry standard for gold assays. A prepared sample is fused with a mixture of lead oxide, sodium carbonate, borax, silica and other reagents as required, in quarted with 6 mg of gold-free silver and then cupelled to yield a precious metal bead. The bead is digested in 0.5 mL dilute nitric acid in the microwave oven. 0.5 mL concentrated hydrochloric acid is then added and the bead is further digested in the microwave at a lower power setting. The digested solution is cooled, diluted to a total volume of 10 mL with de-mineralized water, and analysed by atomic absorption spectroscopy against matrix-matched standards. The technique is total.<br>• No geophysical tools were used to determine any element concentrations used in this resource estimate. Grind size checks were performed by the labs and reported as part of their due diligence.<br>• Only Drummond used blanks, the results indicate no significant issues with the sample prep or assaying. A number of historic 'in house' gold standards were used by Normandy plotted graphs suggests there is generally good consistency within the standards. The Drummond supplied matrix specific gold standards. Unfortunately in some instances the number of standards was too few such that meaningful conclusions from the results were |

| Criteria | JORC Code explanation | Commentary |
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| | | difficult to obtain. Generally there were more sulphide standard samples which showed a tendency to under-report the gold grade by 4-8%, particularly in the first half of the drilling. This bias is noted and is reflected in the resource classification. The lab inserted standards appeared to show similar patterns with often phases of under-reporting by 4-8% particularly in the first half of the time frame presented. Laboratory duplicate analysis show no issues with the homogeneity of the sample preparation. RC field duplicate samples were collected by Drummond there is a higher grade bias for the original sample especially with the higher grade samples. Hence there is potentially an issue with the Drummond RC sampling leading to a possible loss of barren material or an upgrading of gold material. The Drummond RC sampling accounts for roughly 25% of the overall sampling at Eugenia and this will have some impact on the classification of the resource estimates. 246 field duplicates were collected by ACM and indicated better results with no obvious of bias with the RC sampling. In a similar fashion 25 RC field duplicates collected by Normandy also indicated no issues with the sampling. 54 field duplicates for diamond core were collected by ACM and Ross Mining. The results show a higher grade bias with the high grades for the original sample. The inherent problems with core duplicates especially for gold and the limited number of samples suggest only a small impact on the resource classification. Ross diamond holes 93PCDH001 to 93PCDH005B were drilled as twin holes to a selection of ACM RC holes drilled in 1990. The purpose of this twin hole programme was to investigate the width and value continuity of gold mineralisation. No second lab checks are reported. No coarse rejects assayed.<br><br>The QAQC data for the historical drilling is lacking in parts. Despite Drummond carrying out batch based QaQc there does not seem to have been any real time management of the process and no batches failed and resampled or re run at the lab. An absence of standards for the ACM drilling is significant and will have an impact on the resource classification. The standards for the Normandy and Drummond work indicate reasonable accuracy although they do seem to be highlighting under-reporting of the gold grade between 4 to 8%. The Drummond field duplicates indicate outcomes which might suggest the problem of repeatability is drilling related. The significant high bias for higher grades with the original |

| Criteria | JORC Code explanation | Commentary |
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| | | Drummond sample relative to its field duplicate will have an impact on the resource classification. This has been partly offset by the lack of bias associated with the Normandy and ACM RC sampling. The hole twinning indicates significant repeatability issues for the gold mineralisation with a possible higher grade bias towards the RC drilling. However this is not necessarily unusual with diamond core duplicates, especially for gold mineralisation.<br><br>It is unlikely that any Measured Resource status can be conferred onto the estimates from the outcomes of the QAQC work. Substantial checking work is required. |
| *Verification of sampling and assaying* | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • Significant intersections inspected in the field by staff geologists to confirm nature of mineralization and verify integrity of sampled intervals. During the December 2014 site visit GBM and Skandus staff located chips and drill core of significant mineralisation to review and sub sampled lab reject pulps of the relevant intercepts. Ross twinned 5 AMC RC holes with DD and found reasonable to good correlation on continuity and grade.<br>• All Data, data entry procedures, data verification and data storage has been carried out in accordance with Ross, AMC, Normandy and DGO SOPS. The site office has all documentation and paper files on hand. At all stages all companies validated and verified previous workers data. DGO had computer/database geologists responsible for the electronic health of the data. Final Data verification and data storage has been managed by GBM Data Management staff using industry standard Data Shed.<br>A few minor issues have arisen with different logging schemes used by different companies and a change in some sample numbers by DGO. None of this affects the resource and GBM has been able to resolve all these issues and start fresh with a clean dataset.<br><br>Skandus carried out its own validation checks and found there to be very few validation issues. Skandus also reviewed all previous workers data and data protection SOPS, and documentation at site and found all work had been carried out to acceptable industry standard and care.<br>• No adjustments or calibrations were made to any assay data used in this estimate. |
| *Location of data points* | • *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral* | • ACM, Ross and Normandy used in house surveyors and a local prospect grid. (Grid origin and pegs are still well located). DGO Collar surveys were |

| Criteria | JORC Code explanation | Commentary |
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| | *Resource estimation.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | carried out by hand held GPS. Collars positions were surveyed in GDA94 by DGPS in Sept. – Oct. 2008 by Tony Baylis from Resource & Exploration Mapping (REM) providing a verified coordinate location of all Eugenia collars. DGO, Normandy, and Some Ross Down hole surveys were carried out at approximately 30 or 50 metres using a single shot Eastman downhole survey camera. ACM and some Ross holes were surveyed only at the collar. Acid surveys were used by Ross on some holes.<br>• GDA94 datum (Zone 55)<br>• Topographic control was checked during the 2008 REM DGPS collar pickups. DGO also sourced a 1m A DEM (source unknown) and used that to verify topographic control. |
| *Data spacing and distribution* | • *Data spacing for reporting of Exploration Results.*<br>• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>• *Whether sample compositing has been applied.* | • Drillhole spacing is approximately 30m by 25m with downhole sampling predominantly at 1m intervals (ranging up to 50m in some places). The majority of the RC and diamond holes were 60° angled holes, generally to the east. Some historical drilling contained 60° angled holes to the west. DGO infilled a Ross line of drilling to 12.5m.<br>• For the size of the deposit and expected mining block, the spacing gives good coverage of the mineralised zone and at a suitable spacing to estimate blocks if a non-linear estimator is used. Variography (Hellman & Schofield) has shown that 80% of the variance occurs at distances less than 15m and that drill spacing would need to be less than 25m to improve confidence. Sample spacing has been taken into consideration for classification of the resource blocks.<br>• Samples were composited to 1m. |
| *Orientation of data in relation to geological structure* | • *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | • Based on the current geological model of gently west dipping strata bound mineralisation, the current predominant orientation is appropriate.<br>• No orientation based sampling bias has been identified in the data at this point. |
| *Sample security* | • *The measures taken to ensure sample security.* | • GBM has an industry standard SOP governing sample security. Previous workers also had SOPs, Skandus interviewed previous senior technicians from DGO and Ross Mining and found that sample security on historical samples was adequate, this is backed up by the physical evidence of DGO storage of pulps, rock chips and Drill core. |

| Criteria | JORC Code explanation | Commentary |
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| *Audits or reviews* | • *The results of any audits or reviews of sampling techniques and data.* | • Skandus, in late 2014 and 2015 carried out a review of the historical sampling techniques and data and found it appropriate. 5 Check samples were taken of DGO Core and RC chips (from lab pulps) with good correlation and a limited review of drill core and drill chips versus hand written logs versus database entries was carried out with very good correlation. |

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria | JORC Code explanation | Commentary |
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| *Mineral tenement and land tenure status* | • *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | • The Eugenia prospect is located 9km to the east of Mt Coolon town site, within the Whynot Pastoral Station. Eugenia and the former gold mining township Mt. Coolon, lie approximately 200 km due west of Mackay and 130 km south west of Collinsville in Central North Queensland. The nearest regional city, Mackay, can be accessed by the Suttor Development Road via Nebo. The road is bitumen as far as the Moranbah turn-off just past Lake Elphinstone, after which it is a formed gravel road for 110km. The 227km journey takes about 3 hours. Mt Coolon can also be accessed from Collinsville, 135km, via the Bowen Development Road, which is sealed to within 40km of Mt Coolon, then by a formed gravel road, or from Townsville via Charters Towers and Belyando Crossing. It is Covered by Exploration Permit for Minerals ("EMP") 15902, of 100 sub blocks it is in in its 8th year with an expiry date of 12th June 2018. There are currently no Compensation agreements, Encumbrances, Mortgages, Caveats or Third Party Interests in place. A Cultural Heritage Management Agreement with the Jangga People who also have a Native Title Protection Conditions, Expedited Grant. The EPM is partially covered by a Cropping Zone however there is no Strategic Cropping Zones over the Tenure. A tenement review carried out by GBM in December 2014 found the lease to be in good standing and compliance. The EPM is held 100% by MT COOLON GOLD MINES PTY LTD, which is in turn owned 100% by GBM Resources LTD.<br>• The tenure is currently secured via direct ownership. The permit is an Exploration Permit. There are no known impediments to exploration or for application to a Mining Title. |
| *Exploration done by other parties* | • *Acknowledgment and appraisal of exploration by other parties.* | • The Eugenia deposit (previously named Police Creek) prospect was discovered by ACM Gold Ltd in November 1989 by regional stream sediment sampling. Soils sampling further delineated a significant geochemical soil anomaly which was subsequently drilled tested by ACM Gold Ltd through its wholly-owned subsidiary Wirralie Mines Pty Ltd, at the same time they carried out a ground magnetics survey.<br><br>Ross Mining took up the ground in 1992 and first explored at Eugenia in |

| Criteria | JORC Code explanation | Commentary |
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| | | October 1993 with initial mapping, spectral analysis, rock chipping, re-logging of high priority ACM RC chips, RAB drilling and a small costean program followed by RC then diamond drilling. The last work by Ross Mining was completed in late 1996.<br><br>Normandy Gold Exploration entered into a joint venture with Ross in 1999 and in 2001 completed a small diamond program followed by a 34 hole RC program in 2001 supplemented by core re-logging and sampling and an IP geophysical survey.<br><br>Following the takeover of Normandy by Newmont Mining Corporation, the joint venture was managed by Newmont Gold Exploration Newmont withdrew from the joint venture in 2002. Delta Gold Ltd took over Ross in May 2000. Delta Gold merged with Goldfields Limited to form Aurion Gold Limited. In 2002 Placer Dome Asia Pacific Limited ("Placer") acquired 100% of Aurion Gold.<br><br>In August 2003, Ashburton Minerals Ltd completed negotiations with Placer under which Ashburton acquired the Drummond Basin gold assets off Placer, by acquiring 100% of Wirralie Mines Pty Ltd. Ashburton carried out database consolidation, review of Aster data and a regolith study.<br><br>Police Creek and the surrounding tenements were acquired by Mt Coolon Gold Mines Pty Ltd in early 2005 a wholly-owned subsidiary of Drummond (DGO). The Police Creek prospect was renamed Eugenia by MCGM. Drummond commenced exploration in 2006 with a RC program proving geological continuity between previous drilling and testing preciously untested deeper targets. Prior to Drummond's drilling, the prospect had only been sparsely tested below 60m depth. During the 2008 field season Drummond drilled nine diamond hole supplemented by eight RC holes for work towards the 2009 Eugenia resource estimate. |
| *Geology* | • *Deposit type, geological setting and style of mineralisation.* | • Eugenia is a typical adularia sericite low sulphidation epithermal system with a significant component of strata bound control. The general stratigraphy of Eugenia Deposit dips gently to the west. Multiple stages of mineralisation associated with varying degrees of alteration have been identified at Eugenia. The most significant styles of Gold mineralisation are associated with quartz-carbonate-adularia veining and |

| Criteria | JORC Code explanation | Commentary |
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| | | distinct zones of banded chalcedonic quartz veins. A broader zone of silica-pyrite alteration and quartz-sulphide brecciation are also host to varying degrees of lower tenor Au. A superimposed lateritic weathering profile has resulted in the development of a zone of supergene enrichment. |
| *Drill hole Information* | • *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*<br>o *easting and northing of the drill hole collar*<br>o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>o *dip and azimuth of the hole*<br>o *down hole length and interception depth*<br>o *hole length.*<br>• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | • Exploration results not being reported |
| *Data aggregation methods* | • *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*<br>• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • Exploration results not being reported |
| *Relationship between mineralisation widths and intercept* | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* | • Exploration results not being reported |

| Criteria | JORC Code explanation | Commentary |
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| *lengths* | • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').* | |
| *Diagrams* | • *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.* | • Exploration results not being reported |
| *Balanced reporting* | • *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | • Exploration results not being reported |
| *Other substantive exploration data* | • *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | • Exploration results not being reported |
| *Further work* | • *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | • Exploration results not being reported |

## Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

| Criteria | JORC Code explanation | Commentary |
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| *Database integrity* | • *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*<br>• *Data validation procedures used.* | • Data collated by GBM from a mixture of hardcopy and digital logging and analytical data<br>• Checks completed by Hellman and Schofield consultants in 2015 (H&SC) include:<br>  • Data was imported into an HS&C Access database with indexed fields, including checks for duplicate entries, sample overlap, unusual assay values and missing data.<br>  • Additional error checking using the Surpac database audit option for incorrect hole depth, sample/logging overlaps and missing downhole surveys.<br>  • Manual checking of logging codes for consistency, plausibility of drill hole trajectories and assay grades. Modifications made to lithology codes for easier use in interpretation<br>  • Assessment of the data confirms that it is suitable for resource estimation. |
| *Site visits* | • *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*<br>• *If no site visits have been undertaken indicate why this is the case.* | • Scott McManus of independent geological consulting firm Skandus Pty. Ltd, completed a site visit in January 2015 and has reviewed all drill core and RC chips, and all geological mapping and interpretation. Neil Norris, Exploration Director for GBM also visited site in January 2015. |
| *Geological interpretation* | • *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*<br>• *Nature of the data used and of any assumptions made.*<br>• *The effect, if any, of alternative interpretations on Mineral Resource estimation.*<br>• *The use of geology in guiding and controlling Mineral Resource estimation.*<br>• *The factors affecting continuity both of grade and geology.* | • A detailed report on the geological model has been completed by GBM. The model is entirely reasonable.<br>• Eugenia is a typical adularia sericite low sulphidation epithermal system with significant component of stratabound control. The general stratigraphy of Eugenia Deposit dips gently to the west. Multiple stages of mineralisation associated with varying degrees of alteration have been identified at Eugenia. The most significant styles of Au mineralisation are associated with quartz-carbonate-adularia veining and distinct zones of banded chalcedonic quartz veins. A broader zone of silica-pyrite alteration and quartz-sulphide brecciation are also host to varying degrees of lower |

| Criteria | JORC Code explanation | Commentary |
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| | | tenor Au. A superimposed lateritic weathering profile has resulted in the development of a localised zone of supergene enrichment.<br>• Interpretation of the drillhole database allowed for the generation of a 3D base of oxidation surface on 25m sections.<br>• A model based on a combination of alteration, mineral percent, trace element values, structural orientations, silver values, gold values and quartz veining has been used to interpret chert horizons as well as a vertical zone. The composites from individual and grouped wireframes were tested using histograms and considering the values of coefficient of variance to look for how well the wireframes domained the populations.<br>• A lack of drilling suggests the mineralisation is open along strike and at depth. An occasional drillhole has terminated in significant gold mineralisation<br>• Oxidation due to weathering has been defined by logged codes and low value sulphur assays. There is evidence of gold enrichment at the base of the oxide zone<br>• Geological understanding appears to be good and appropriate for resource estimation<br>• Alternative interpretations are possible for the mineral zone definition but are unlikely to affect the estimates.<br>• The complexity of overlapping mineral styles and the orebody type means there is both a strong stratabound and strong structural control to the gold grade and geological continuity of the mineralisation. |
| *Dimensions* | • *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.* | • The block model measures 400m in the east by 475m in the north and by 240m from surface<br>• The resource is divided into 3 domains, the oxide, transition and fresh rock zones based on a 3D surface within the alteration zone. (Transition and Oxide are reported together)<br>• Depth to fresh rock is of the order of 50m below surface |
| *Estimation and modelling techniques* | • *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*<br>• *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes* | • The gold block grade was estimated using Ordinary Kriging using Gemcom software.<br>• Ordinary Kriging is an appropriate method to use as long as top cutting is carried out and the data is domained.<br>• There is no correlation between gold and any other elements eg Cu, Ag, Pb & Zn<br>• The base of oxidation was treated as a soft boundary in all search passes as |

| Criteria | JORC Code explanation | Commentary |
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| | *appropriate account of such data.*<br>• *The assumptions made regarding recovery of by-products.*<br>• *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).*<br>• *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.*<br>• *Any assumptions behind modelling of selective mining units.*<br>• *Any assumptions about correlation between variables.*<br>• *Description of how the geological interpretation was used to control the resource estimates.*<br>• *Discussion of basis for using or not using grade cutting or capping.*<br>• *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.* | was boundaries between the upper chert horizons during only the search pass 3.<br>• No assumptions were made regarding the recovery of any by-products.<br>• Variography parameters were revised for the new wireframes and grouped for similar structures using composites from within the wireframes. A relatively high nugget effect was observed. Grade continuity was poor to modest in the downhole and the directional variograms. The poor grade continuity is expected with this type of gold mineralisation.<br>• Drill holes are on relatively regular but variably spaced grids with a nominal spacing of 20 by25m increasing to a nominal 50 by 50m. Block size was set at 10x10x5m (X, Y and RL) after kriging neighbourhood analysis and discussion with engineers carrying out pit optimisation work. Discretisation was set to 3x3x3 (E, N, RL respectively).<br>• Modelling used an expanding search pass strategy with the initial search radii based on the detailed drill spacing increasing to take in the geometry of the mineralisation and the variography. Modelling consisted of one estimation run with 3 passes. The minimum search used was 30m by 30m by 6m and expanding by 50% to a maximum of 45m by 45m with 9m in the vertical, Z, direction for the second and then to 95m by 64m by 15 for the final search pass. The minimum number of data was 16 samples for Passes 1 & 2 decreasing to 4 points for Pass 3. The maximum number of samples was 48 for all search passes. The maximum number of samples that could be contributed from one hole was 10 for all search passes.<br>• The maximum extrapolation of the estimates is about 70m, which is less than the maximum continuity found in variograms of 90m.<br>• No deleterious elements or acid mine drainage has been factored in.<br>• Composites were cut using the disintegrating tails method. As the high grade material was visually grouped and the upper tail structure was well defined, a value close to the total disintegration of the upper tail was used to cap the data at 47.6 Au ppm<br>• The final block model was reviewed visually and it was concluded that the block model fairly represents the grades observed in the drill holes. Skandus also validated the block model statistically using a variety of histograms and summary statistics in the X, Y and Z directions.<br>• Validation confirmed the modelling strategy as acceptable with no significant issues.<br>• No production has taken place so no reconciliation data is available. |

| Criteria | JORC Code explanation | Commentary |
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| *Moisture* | • *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.* | • Tonnages are estimated on a dry weight basis; moisture not determined. |
| *Cut-off parameters* | • *The basis of the adopted cut-off grade(s) or quality parameters applied.* | • 0.4 g/t gold cut off used on blocks above the 85m RL for both oxide and sulphide material.<br>• The base of oxidation was used to divide the oxide and fresh rock resources with a partial percent volume adjustment.<br>• The cut-off grade at which the resource is quoted reflects an intended bulk-mining approach and initial pit optimisation work on the July 2015, February 2016 model and this model.<br>• Pit optimisations used to support the cut-off grade are based on a gold price of AU$1650, however it is considered reasonable to assume that the gold price could fluctuate considerably from its current level.<br>• Mining and mill costs as were pit and geotechnical parameters were estimated from similar sized projects by Mining One for CIL and Heap leach operations.<br>• Metallurgical Recoveries were based on initial metallurgical test work with 90% for Oxide, 60% for Transition and 40% for Fresh. Optimised whittle runs provided cut off grades of 0.2, 0.3 and 0.4 for Oxide, Transition and Fresh. Due to limited metallurgical work a conservative cut of value has been selected of 0.4 for all material. |
| *Mining factors or assumptions* | • *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.* | • Skandus's understanding of a bulk mining scenario is based on information supplied by GBM.<br>• The SMU (5x5x1m) is the effective minimum mining dimension for this estimate.<br>• Any internal dilution has been accounted for with the modelling and as such is appropriate to the block size.<br>• A heap leach operation is envisaged for the oxide material |
| *Metallurgical factors or assumptions* | • *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical* | • Preliminary bench scale metallurgical test work has indicated high recoveries in cyanide leaching of oxide and transitional material. No appropriate studies of heap leach recoveries have been completed, |

| Criteria | JORC Code explanation | Commentary |
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| | *treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.* | however one early test for only 7 days on coarse material returned 56% and 36% recoveries.<br>• A simple grinding and CIL plant operation is envisaged for the sulphide material<br>• It is assumed that there will be no significant problems recovering the gold.<br>• No penalty elements identified in work so far |
| *Environmental factors or assumptions* | • *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.* | • The area lies within flat terrain with broad watercourses<br>• The area is covered with sparse vegetation typical of that part of North Central Queensland<br>• GBM has commissioned a desktop environmental study in 2016 the report did not find any significant issues but did recommend starting a base line study in preparation for a ML application. |
| *Bulk density* | • *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*<br>• *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vughs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.*<br>• *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.* | • Default density values for mineralisation and waste rock were derived from 78 samples (using the Archimedes method) including 39 fresh rock and 39 oxide samples.<br>• Default values are 2.09t/m$^3$ for oxide material and 2.55t/m$^3$ for fresh rock<br>• Allocation of density grades to panels is based on the oxidation surface and its partial percent volume adjustment.<br>• More density test work is required in order to raise the confidence of the resource estimate. |
| *Classification* | • *The basis for the classification of the Mineral Resources into varying confidence categories.*<br>• *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).*<br>• *Whether the result appropriately reflects the Competent Person's view of* | • Mineral resources have been classified on sample spacing, grade continuity, QAQC, geological understanding and sensible mining depths<br>• Classification has included Indicated & Inferred Resources<br>• The classification appropriately reflects the Competent Person's view of the deposit. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *the deposit.* | |
| *Audits or reviews* | • *The results of any audits or reviews of Mineral Resource estimates.* | • No audits completed. |
| *Discussion of relative accuracy/ confidence* | • *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*<br>• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*<br>• *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.* | • The relative accuracy and confidence level in the Mineral Resource estimates are considered to be in line with the generally accepted accuracy and confidence of the nominated Mineral Resource categories. This has been determined on a qualitative, rather than quantitative, basis, and is based on the Competent Person's experience with similar deposits.<br>• The geological nature of the deposit, the modelling method and the composite/block grade comparison lend themselves to a reasonable level of confidence in the resource estimates.<br>• The Mineral Resource estimates are considered to be reasonably accurate globally, but there is some uncertainty in the local estimates due to the current drillhole spacing.<br>• No mining of the deposit has taken place so no production data is available for comparison. |

# JORC Code, 2012 Edition – Table 1 Koala Gold Deposit, Mt Coolon Gold Project

## Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

### Important Note:

Drilling and exploration has been carried out at Koala over a 30 year period by a variety of companies using varied drilling, sampling and assaying methods. The comments below refer to a compilation of all data in which like drilling, sampling and assaying methods have been aggregated for reporting purposes unless noted otherwise. For more detail refer to the full technical report on this resource estimate.

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Sampling techniques* | • *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>• *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.* | • Percussion (Aircore and Reverse Circulation (RC)) samples were collected as individual 1m samples through a cyclone.<br>• Diamond core was only sampled over zones recognised as being potentially mineralised. |
| *Drilling techniques* | • *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).* | • Drilling comprised diamond drilling (63.4% of metres), RC drilling (29.5% of metres) and Airtrack drilling (7.1% of metres)<br>• Diamond core was recovered in a standard wireline core barrel with inner split or 'triple' tube. Samples were pushed out fromthe core barrel, with the top half split was split and the core placed in a core tray of suitable dimension. Samples were from HQ and NQ size barrels except for Renison Underground (UD) holes which were drilled with BQ core size and the entire core sample sent for assay<br>• Diamond core was oriented but this data is not currently available<br>• RC drilling mostly used a cross over hammer (31.4% of metres) with 0.6% of |

| Criteria | JORC Code explanation | Commentary |
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| | | metres drilled using a face sample hammer |
| *Drill sample recovery* | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | • RC drilling recovery was not systematically recorded, however extremely poor recovery is noted in the drill logs<br>• Larger diameter HQ and NQ size core was used to provide improved recovery for the majority of drilling and triple tube drilling was often employed to preserve core in a more coherent state for logging and also to improve recovery in very broken or clayey lithologies.<br>• Diamond drill recovery was recorded run by run for the Drummond and GBM drilling only. This data averages 90.6% recovery. Visual inspection of core stored on site showed that core recovery was generally very high but reduced in fault zones.<br>• The relationship between grade and drilling recovery was not investigated due to insufficient drilling recovery data. |
| *Logging* | • *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | • Percussion chips were logged for lithology, weathering, colour and veining<br>• Diamond core was logged in detail for lithology, weathering, veining, alteration, structure, colour and basic geotechnical parameters (RQD)<br>• The logging has been carried out to an appropriate level for resource estimation. The logging was checked against stored core for 23 holes.<br>• No systematic core photography has been found<br>• All drilling was logged geologically |
| *Sub-sampling techniques and sample preparation* | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • All diamond core samples (44.2% of samples) was cut with a diamond saw to 1.0 m or geological intervals and half sampled with the exception of 6 holes drilled form underground which were BQ and sampled as whole core.<br>• Percussion drilling was sub-sampled using a Jones riffle splitter (46.0% of samples) or by a spear (9.7% of samples). The quality (moisture content and recovery) of percussion samples was not recorded.<br>• Laboratory sample preparation for all samples followed the respective laboratories standard methodologies for gold fire assays techniques.<br>• No QAQC results have been found for the Renison (16.1% of samples) or ACM (0.1% of samples) drilling.<br>• Only Laboratory pulp duplicates (119 samples) and umpire laboratory results (52 samples) are available for the Ross Mining (58.5% of samples) assay data. These data show good repeatability and provide no evidence of assay bias.<br>• Normandy (4.4% of samples) describe the use of field duplicates and blanks, |

| Criteria | JORC Code explanation | Commentary |
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| | | but no such data has been obtained. 3 results from 2 standards are available but the expected values and tolerances are unknown and so cannot be assessed. 49 laboratory pulp duplicate results show good precision.<br>• Drummond Gold (15.4% of samples) inserted blank and standard samples at a rate of one per 20 samples. The standards used by Drummond were appropriate to the style of mineralisation at Koala. The results of the Drummond blanks (70 samples) and standards (51 samples of 8 standards) are acceptable.<br>• GBM (5.5% of samples) inserted 107 blank, 68 standard (6 standards) and 107 field duplicate samples (1/4 core) along with the 1175 routine samples submitted. QAQC samples preferentially targeted logged mineralisation. The blanks showed no evidence of cross contamination. The field duplicates show acceptable precision and no bias. The standards showed acceptable precision with no bias and no trends.<br>• A nomogram was used to determine that the sample sizes are appropriate to the very fine grained gold mineralization style. |
| *Quality of assay data and laboratory tests* | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.* | • Renison samples from RC precollars of MDDH001 to MDDH005 were submitted to Tetchem Laboratories, Cairns, for analysis of Au by 30gm fire assay plus AAS analysis of Ag, As, Cu, Pb,and Zn. Silver and base metals proved to be non-anomalous, and assays for these were discontinued. Precollars of MDDH006 to MDDH044 were assayed for gold only, also by Tetchem Laboratories and selected samples from the precollars of MDDH073 to MDDH089 were submitted to Classic Comlabs Townsville for 30gm FA gold assay. Diamond core samples from holes MDDH001 to MDDH072 were analysed by Tetchem Laboratories; MDDH001 to MDDH005 for Au, Ag, As, Cu, Pb and Zn; MDDH006 to MDDH022 for Au only; and MDDH023 to MDDH072 for Au only in country rock samples, for Au and Ag in lode samples. Both lode and country rock samples were prepared by jaw—crushing, lode samples were pulverised in "Supercrunch" mill to -120 mesh, splitting off 500 g, and fine pulverising in "Labtechnics" mill for 5 minutes. Country rock were pulverised in hammer mill to 40-60 mesh splitting off 500 g, and fine pulverising in "Labtechnics" mill for 5 minutes. Samples from holes MDDH072 onwards were analysed by Classic Comlabs, for Au only in country rock and for Au and Ag inlodes Sample preparation was the same for each, using hammer mill then "Labtechnics" mixer mill (whole sample down to 150 mesh). |

| Criteria | JORC Code explanation | Commentary |
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| | | • Ross initially sent samples to Analabs, Townsville for testing using the 50 gram fire assay method (GG313, Detectionlimit<br>• ppm Au), later in the program aqua regia AAS method (GG335 Detection Limit 0.01 ppm Au) was used as the standard method. Pulp check samples were sent to Yandan mine. All tailings sample preparation and assaying was performed by Analabs, Townsville. Subsamples were pulverized and assayed with a standard 50 g fire assay with an AAS finish (GG313, Detection limit 0.001 ppm Au).<br>• All Drummond samples were sent to ALS, Townsville for assaying with 30g fire assay with AAS finish (Au-AA25) and 34 elements by ME-ICP (ME-ICP41s). The entire Drummond sample was crushed (>70 % to <6 mm) then pulverised before being riffle split.<br>• GBM used the same laboratory and assay methods as Drummond.<br>• All methods are considered acceptable industry standard for gold assays and follow a similar assay method. In the fire assay method, a prepared sample is fused and then cupelled to yield a precious metal bead. The bead is digested in 0.5 mL dilute nitric acid and 0.5 mL concentrated hydrochloric acid. The digested solution is cooled, diluted to a total volume of 10 mL with de-mineralized water, and analysed by atomic absorption spectroscopy against matrix-matched standards. The technique is total.<br>• Other than for the GBM and Drummond data, very few QAQC data have been found. The GBM and Drummond QAQC data indicates that this data is of acceptable quality for use in resource estimation with no evidence for bias or unacceptable precision. Whilst there are many references in reports to acceptable QAQC results for earlier drilling, this cannot be demonstrated with data. The earlier drilling comprises the majority of the data used in this resource estimate. The pre-Drummond data formed the basis of the resource estimate used for the Ross Mining open pit. This resource reconciled well to both grade control data and reconciled plant data for grade. The available QAQC data is insufficient to demonstrate the quality of the data used in this resource estimate but neither does it provide any evidence for bias or imprecision in the data.<br>• No handheld tools were used with all assays performed at external laboratories |

| Criteria | JORC Code explanation | Commentary |
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| *Verification of sampling and assaying* | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • 23 selected mineralized intercepts were inspected at the site core storage facility by GML and GBM staff<br>• No verification samples (including twinned holes) have been taken<br>• Digital data was checked against original drill logs and assay certificates for about 25% of the data and no significant errors were found.<br>• The raw assay data has been used with no adjustments. The first assay result was used for intervals with more than one assays result. |
| *Location of data points* | • *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • Hole collar locations were determined total station survey instruments for Renison and Ross drilling and by DGPS for GBM and Drummond Gold drilling.<br>• Downhole drill surveys were carried out for both RC and diamond drilling. The average interval between surveys was 35 m. 22.6% of surveys were digital with the remainder analogue, mostly Eastman camera shots<br>• All work was carried out in the Koala local mine grid. Original survey data is in one of Koala Mine grid, MGA94 and AMG84. The data in MGA94 and AMG84 was converted to Koala Mine Grid using a grid conversion in MapInfo developed from known points.<br>• The topographic surface was from aerial LiDAR survey data flown in 2016 with a triangulated surface from mine survey data collected at the time of mine closure in 1997 'stitched' in. The resultant surface is of sufficient quality for resource estimation<br>• Underground voids resulting from historical mining were wireframed from digitized level plans, a digitized long section of stopes, a 3D wireframe of the Renison decline, logged voids in drilling and the LiDAR survey of stopes open to the surface. The volume of the resultant wireframes was checked against the recorded tonnes treated. As the historical stopes were not surveyed this wireframe likely has some minor errors. These errors cannot be resolved and have been taken into consideration in resource classification. |
| *Data spacing and distribution* | • *Data spacing for reporting of Exploration Results.*<br>• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>• *Whether sample compositing has been applied.* | • Drilling has been carried out on 25m spaced sections with holes intercepting mineralization about 25 m down dip. Holes were drilled across strike of the main north striking mineralized zone towards both the east and west. The drill holes generally intersected mineralization at 60º or greater.<br>• The spacing and orientation of the sampling is appropriate to establish the grade and geological continuity as established by variography. |

| Criteria | JORC Code explanation | Commentary |
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| | | • The samples were not composited prior to submission to the laboratory |
| *Orientation of data in relation to geological structure* | • *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | • The spacing and orientation of the sampling is generally appropriate to the main mineralized zone, however there are known (from grade control data) mineralized cross faults which have a similar orientation to the drill sections. The current drilling configuration does not adequately define these cross structures and so the resource estimate is likely to under-estimate the number, volume (tonnage) and grade of these mineralized cross structures.<br>• It is possible that the sampling is biased by not intersecting possible high grade cross structures. This has not been tested because too few cross structures have been definitively identified. |
| *Sample security* | • *The measures taken to ensure sample security.* | • The measures taken to ensure sample security (if any) were not recorded.<br>• Core, coarse chip rejects and pulps from previous exploration are stored on site in a lock container. |
| *Audits or reviews* | • *The results of any audits or reviews of sampling techniques and data.* | • No audits of either the data or the methods used in this resource estimate have been undertaken. |

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria | JORC Code explanation | Commentary |
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| *Mineral tenement and land tenure status* | • *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | • The Koala resource is located within ML1029 which along with ML1085 and ML1086 form a contiguous group of leases that form the Koala project and are 100% owned by GBM Resources Ltd. ML1029 expires on 31/1/24<br>• GML is not aware of any material issues with third parties which may impede current or future operations at Koala. GBM would need to obtain certain permits before a mining operation could proceed at Koala |
| *Exploration done by other parties* | • *Acknowledgment and appraisal of exploration by other parties.* | • In 1913 gold was discovered at Mount Coolon (Koala gold mine) by a boundary rider, from 1913 until 1931 gold was mined from small shallow leases and shallow shafts, from 1931 -139 Gold Mines of Australia (GMA) consolidated and mined the whole field. Historic underground mining from discovery in 1914 to 1938 produced approximately 180,000 ounces of gold |

| Criteria | JORC Code explanation | Commentary |
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| | | at an average grade of 18.4g/t Au.<br>• No activity was taken from 1939 to 1974 Saracen Minerals (~1974)<br>• Saracen Minerals explored for porphyry-style base metals in an area from Koala Mine to east of Bungobine Homestead during 1974. Work involved collection of 115 rock chip samples and geological traverses. The two main prospects were at Bungobine Yards and around Mt Coolon/Koala Mine. Due to poor results, the tenement was relinquished.<br>• Renison Goldfields LTD/Gold Feilds Exploration (1986 – 1989) Carried out mapping, colour aerial photography, airborne magnetic and radiometric survey, ground magnetics, produced a feasibility study, a review of old GMA data and plans from 1939, rock chip sampling of the reef at surface, and drilling; 78 percussion Drill holes, 99 Reverse circulation collars with Diamond Drill holes tails to test and delineate remnant resources, the western reef and Hectorina deposit. Renison commenced a decline but terminated mining due to intersecting a major fault.<br>• ACM Gold Limited/Wirralie Gold Mines (1989 - 1992) carried out exploration on the Tower prospect and at Mt Koala. Producing a resource estimate and feasibility study for open pit mining. Work included evaluating Renison's previous work, photo and lineament analysis, rock chip sampling, and drilling; 45 RAB scout holes testing surface mineralisation, 291 soil auger holes and 1 RC hole.<br>• Ross Mining (1992 - 2000) carried out regional and detailed mapping, produced a new resource estimate, soil sampling, metallurgy testing, a gradient array Resistivity survey, IP surveys, CSMAT survey, Petrology, drilling; RC collars with Diamond tails (6 holes), 39 RC, 103 diamond holes and 157 RAB holes. Ross carried out mining of the northern end of the ML an area that Renison had planned to mine from underground and is known as the Koala Pit. Ross Mining produced 53,000 ounces gold at an average grade of 5.6g/t Au.<br>• Normandy Mining (2000 - 2002) carried out work re-modelling the whole deposit, a heli-borne EM survey and drilling distal to the main Koala resource.<br>• MCGM/Drummond Gold (2006 -2014) carried out a revaluation and synthesis of all previous work which included a verification and validation of previous work and data, mapping, HyVista imagery, reinterpretation of previous geophysics data sets, and drilled; 17 RC holes, 9 RC pre collar with diamond tail holes and 4 Diamond holes |

| Criteria | JORC Code explanation | Commentary |
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| | | • GBM acquired the project from Drummond Gold in 2015.<br>• GBM drilled 35 diamond holes into in situ mineralization and 3 aircore holes into tailings in 2016-17.<br>• All drilling, sampling, surveying and assaying that forms the basis of this resource estimate was carried out by these other parties. |
| *Geology* | • *Deposit type, geological setting and style of mineralisation.* | • Auriferous epithermal veining at Koala is hosted in a thick package of shallow dipping volcanic flow sheets, which are part of the regional Cycle 1 Volcanic sequence (Silver Hills Volcanics). The lode lies approximately 500m west of a major granodiorite intrusion outcrop and is preferentially hosted by porphyritic andesite. The gold mineralisation occurs as a narrow, steeply dipping high grade colloform quartz vein a wider lower grade, veinlet stockwork and is locally disrupted by faulting. The main vein has been defined by drilling over a strike length of about 1200 m and down dip about 200 m. The main vein is offset by steeply dipping, west-northwest striking cross faults with high grade zones formed at the intersection of the cross faults and the main vein. The main vein changes dip direction along strike. In the south it dips steeply to the west, whereas in the north it dips steeply to the east. The main vein splits into a series of splay veins at the southern end. The up-dip extent of the main vein appears to be limited by a rhyolitic unit which results in a gentle north plunge. The main vein thins and weakens with depth. A number of alteration styles are evident including silica-sericite- pyrite+K-Feldspar associated with gold mineralisation. |
| *Drill hole Information* | • *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*<br>o *easting and northing of the drill hole collar*<br>o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>o *dip and azimuth of the hole*<br>o *down hole length and interception depth*<br>o *hole length.*<br>• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | • Not applicable –individual drill intercepts would not have a material effect on the resource estimate reported on here. |

| Criteria | JORC Code explanation | Commentary |
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| *Data aggregation methods* | • *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*<br>• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • Not applicable – exploration results are not reported |
| *Relationship between mineralisation widths and intercept lengths* | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').* | • Not applicable – exploration results are not reported |
| *Diagrams* | • *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.* | • Not applicable – exploration results are not reported |
| *Balanced reporting* | • *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | • Not applicable – exploration results are not reported |
| *Other substantive exploration data* | • *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | • Not applicable – exploration results are not reported |
| *Further work* | • *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | • Further drilling is planned to test for down plunge extensions of mineralisation amenable to underground mining at the northern end of the mineral resource. |

## Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Database integrity* | • *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*<br>• *Data validation procedures used.* | • A new drilling database was constructed from the original data by BGM. This data was validated by GBM from a mixture of hardcopy and digital logging. Responsibility for the data resides with GBM<br>• GML performed further checks of drill collar locations against the topographic surface, extreme assay values and geologically<br>• On import into mine planning software automated checks were performed for sample overlaps, gaps, out of range values<br>• All flagged suspect data was investigated and either corrected, or else omitted if it could not be satisfactorily resolved |
| *Site visits* | • *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*<br>• *If no site visits have been undertaken indicate why this is the case.* | • Kerrin Allwood completed a site visit from 19 to 22 May, 2016. During this time checks were made of collar locations, outcrop geology and core logging as well as the general site layout and possible site specific impediments to development. No issues were identified. |
| *Geological interpretation* | • *Confidence in (or conversely, the uncertainty of ) the geological interpretation of the mineral deposit.*<br>• *Nature of the data used and of any assumptions made.*<br>• *The effect, if any, of alternative interpretations on Mineral Resource estimation.*<br>• *The use of geology in guiding and controlling Mineral Resource estimation.*<br>• *The factors affecting continuity both of grade and geology.* | • The confidence in the interpretation of the geology is in part reflected in the resource classification. The mineralized veins and associated stockworks are readily identified visually and so logging should be very reliable.<br>• The geological interpretation of the gold domain is largely based on gold assay data and logged veining.<br>• There are locally possible alternative interpretations of the main vein, especially relating to whether the main vein 'bends' or is offset by a cross fault<br>• The geological model which forms the basis for the resource estimate is informed by closely spaced (5m by 5m) grade control drilling in the Ross Mining pit. The geological features defined by the grade control data were used as a 'template' for interpreting the mineralization as defined by resource drilling in the un-mined parts of the deposit. |
| *Dimensions* | • *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.* | • The mineral resource extends approximately 1200 m along strike, 200 m down dip and varies in width from 2 m to 10 m. mineralization is continuous but does vary in width and location with common left stepping lateral jogs or offsets. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Estimation and modelling techniques* | • *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*<br>• *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.*<br>• *The assumptions made regarding recovery of by-products.*<br>• *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).*<br>• *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.*<br>• *Any assumptions behind modelling of selective mining units.*<br>• *Any assumptions about correlation between variables.*<br>• *Description of how the geological interpretation was used to control the resource estimates.*<br>• *Discussion of basis for using or not using grade cutting or capping.*<br>• *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.* | • The grade estimation involved the interpolation of gold grades composited to 1.0 m length by ordinary kriging into a block model A gold domain interpreted at a nominal 0.2 g/t Au was used as a 'hard' boundary for data selection. A minimum of 4 and a maximum of 30 composites were used from within oriented search ellipses of 100 m by 25 m by 50 m for interpolation. No other method of de-clustering the data was used.<br>• Gold composites greater than 50 g/t Au were restricted to 20 m. This allowed the natural grade distribution to be honoured but also limited the influence of extreme values which did not show continuity.<br>• The block model has parent blocks 2 m (X) by 20m (Y) by 5m (Z) compared to the data spacing of typically 25 m by 25m by 1 m. The search neighbourhood extends st least three drill sections along strike. The block model was sub-blocked to a minimum 0.5 m (X) by 5m (Y) by 2.5m (Z) honouring oxidation and gold domains and also honouring topography and historical mining voids wireframes.<br>• The gold grade domain was interpreted at a nominal 0.2 g/t with a minimum width of 2.0 m and a maximum internal dilution of 2.0 m.<br>• The grade interpolation was checked against nearest neighbour and inverse distance squared interpolators.<br>• No by-product was assumed. Although it may be possible to economically produce silver, there is insufficient silver data for meaningful grade estimation<br>• There are no known deleterious elements for the envisaged processing methods.<br>• Pyrite is common in fresh waste rock and will likely cause acid rock drainage should mining proceed. There is insufficient sulphur data for meaningful grade estimation and hence calculation of possible acid generation.<br>• The block model was constructed assuming mining would be a combination of open pit and underground mining to a minimum 2.0m mining width.<br>• The resultant block model was validated visually against drill assays, statistically against de-clustered composite grades, by comparing histograms of block and composite grades and by the use of swath plots |
| *Moisture* | • *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.* | • All tonnages are on a dry basis, consistent with the assay method. |
| *Cut-off parameters* | • *The basis of the adopted cut-off grade(s) or quality parameters applied.* | • The reporting cut-offs reflect preliminary assessments of possible processing, transport and open pit mining costs above 880RL and |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | underground mining below 880RL. Processing options assessed included open pit heap leach, open pit and underground CIL and transport of open pit and underground ore to a third party CIL plant.<br>• For the purpose of this resource an open pit cut-off grade of 0.4 g/t Au was used for material above the 880 RL, and a 2.0 g/t Au cut-off grade was used for ore below this to reflect the likely economics of underground mining.<br>• These assumptions are supported by successful Whittle pit optimisations and stope optimisations based on a AU$1650 gold price however it is considered reasonable to assume that the gold price could fluctuate considerably (up to 30%) from its current level.<br>• Metallurgical recoveries of approximately 90% for oxide and 84% for fresh material are assumed for CIP treatment and lower recoveries (90%, 60% and 40% for oxide, transitional and fresh respectively) in heap leach treatment. |
| *Mining factors or assumptions* | • *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.* | • The block model was constructed assuming mining would be a combination of open pit and underground mining to a minimum 2.0m mining width. |
| *Metallurgical factors or assumptions* | • *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.* | • It is assumed that an economic process to recover gold will be possible<br>• Historical mining in 1996/97 yielded high (>90%) metallurgical recoveries through a conventional CIL plant from oxide and fresh ore, indicating that CIL is a (technically) viable processing option.<br>• Limited testwork suggests that both heap leaching and CIL processing are economically viable for oxide and transition mineralization with recoveries above 80%. This work is only preliminary and further testwork is necessary to determine leach kinetics, recovery from fresh mineralization and variability. |
| *Environmen-tal factors or assumptions* | • *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts,* | • It has been assumed that, while there may be some environmental impacts it will be possible to technically and economically mitigate these effects. Such impacts may include (but not limited to) acid mine drainage from waste dumps, dust, noise, surface hydrology, sub-surface hydrology, |

| Criteria | JORC Code explanation | Commentary |
| --- | --- | --- |
| | *particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.* | sediment runoff, flora and fauna impacts |
| *Bulk density* | • *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*<br>• *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.*<br>• *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.* | • Bulk density was assigned from median measured value (wax coated core immersion method) by (inside / outside) gold domain and by oxidation domain. There are too few bulk density data to allow interpolation.<br>• The limited bulk density data was taken into account during resource classification |
| *Classification* | • *The basis for the classification of the Mineral Resources into varying confidence categories.*<br>• *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).*<br>• *Whether the result appropriately reflects the Competent Person's view of the deposit.* | • None of the resource has been classified as measured due to limited density data, incomplete description of drilling and sampling methods for all drilling and limited assay QAQC data.<br>• The resource was classified as either indicated or inferred. Indicated material was classified from a wireframe enclosing continuous zones of unambiguous geological interpretation, more than 5 m away from historically mined stopes and where distance to the nearest composite is less than 20 m. |
| *Audits or reviews* | • *The results of any audits or reviews of Mineral Resource estimates.* | • This mineral resource estimate has not been audited or reviewed because this project is at an early stage. It is anticipated that an audit will be completed before a decision is made to proceed to construction. |
| *Discussion of relative accuracy/ confidence* | • *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*<br>• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*<br>• *These statements of relative accuracy and confidence of the estimate should* | • The resource classification signifies the confidence in this resource estimate.<br>• The global resource estimate is likely to be within +/- 20% at cutoff grades below 1.0 g/t Au. As the cutoff grade increases so will the uncertainty in the global grade estimate.<br>• Local (parent block) grade estimates will be significantly less accurate than the global estimate. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *be compared with production data, where available.* | |

# *JORC Code, 2012 Edition – Table 1 Glen Eva Gold Deposit, Mt Coolon Gold Project*

## Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

| Criteria | JORC Code explanation | Commentary |
| --- | --- | --- |
| ***Sampling techniques*** | • *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>• *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.* | • The vast majority (91% by length) of drilling at Glen Eva was conducted with Reverse Circulation (RC) drilling methods with 8% diamond drilling (DD) and 1% undifferentiated percussion drilling. RAB, aircore and grade control holes from historic mining at Glen Eva are located within the resource area, however these have not been used or included in the current Glen Eva Resource estimation.<br>• The sampling techniques used by all previous workers are generally consistent with to GBM Resources Limited (GBM) standard operating procedures for exploration drill product logging and sampling and are of a standard sufficient for resource estimation. Reverse Circulation (RC) samples were collected via a cyclone and sub-sampled either by spear or riffle split methods, depending on company and phase of drilling. Diamond samples were recovered in a standard wireline core barrel. Samples were pushed out from the core barrel and the core placed in a core tray of suitable dimension. Samples were from NQ size barrels. Original drill hole collar locations were surveyed with Total Station Surveying equipment by registered surveyors. Down hole camera shots at 30 m to 50 m downhole intervals were checked using visual and graphical representation.<br>• Samples were dispatched to commercial laboratories for analysis. All gold data was by fire assay of a 30 g charge followed by aqua regia digest and AAS analysis. At various times some samples were also assay for various other elements by either AAS or ICP. |
| ***Drilling techniques*** | • *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or* | • Glen Eva resource drilling includes Reverse Circulation (RC) (89 holes for 10,483 m), Diamond (DD) with NQ tails (9 holes for 1,562.5 m) and Percussion (PERC) (4 Holes for 195 m) for a total of 103 holes and 12,278.5 m downhole drilling. Diamond holes for Dominion (6) were orientated with a batch orientating core barrel and acid tube. Ross attempted to orientate their diamond |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *other type, whether core is oriented and if so, by what method, etc).* | holes (3) using a downhole spear, however were unsuccessful due to the very broken nature of the core. Dominion holes were surveyed at a nominal 50 m downhole intervals. GBM and Ross surveyed holes at a nominal 30 m with a single shot Eastman camera. This was in addition to collar and end of hole surveys. |
| ***Drill sample recovery*** | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | • Limited historic core or chip recoveries have been collected. A single HQ3 diamond core geotechnical hole (96GERD437) was drilled from surface to a depth of 80 m near the centre of the deposit and indicates reliable recoveries.<br>• Larger diameter HQ and NQ size core was used to provide more improved recovery. HQ3 diamond core was used for the geotechnical hole 96GERD437 and all Ross diamond holes. All other diamond core was drilled with a NQ2 size core. Diamond core was cut using a diamond saw. RC samples drilled with a 5.375" bit were either riffle split or collected by spear to produce a representative sample on site.<br>• Insufficient historic recovery data is available to allow assessment of any grade – recovery relationship. |
| ***Logging*** | • *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | • All core and chips have been logged to an industry standard and is appropriate to support resource estimation. All drilling phases logged the percentage of quartz. In addition, all Ross were logged for lithology and basic alteration (Clay, Silica, Sericite, Chlorite, haematite and carbonate).<br>• Analogue core photography is reported to have been taken and stored on site for historic holes.<br>• Digital core photography is available for the two Drummond and two GBM core holes<br>• Dominion and Ross geologically logged chips on a 1 m basis for lithology and quartz percentage. In addition GBM and Drummond logged alteration. Samples were retained as a geological record in chip trays which are stored at the Mt Coolon core shed. |
| ***Sub-sampling techniques and sample preparation*** | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-* | • Core was sub sampled by splitting it in half longitudinally with a diamond saw. Half of the sample went for assay and the other was retained for reference, future measurement, checking or metallurgical testing.<br>• Dominion produced RC samples for assay based on spearing of individual 1 m bulk samples collected from the cyclone. Initially every second 1 m sample was despatched for analysis and the infill samples were submitted if the assay results were >0.25 g/t Au. A total of 165 samples were re-split from the bulk bags using a 75/25 riffle split and analysed by fire assay analysis. The comparison of riffle vs spear indicated the spear sample was "fairly accurate", however all riffle |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *sampling stages to maximise representivity of samples.*<br>• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | split sample assays were used in preference to spear samples<br>• Ross collected RC samples at 1 m intervals which were subsequently split with a 7:1 riffle splitter with the bulk sampling remaining on site and the smaller split submitted for analysis. Ross composited 1 m intervals to 2 m samples for the top 42 to 60 m of drill holes.<br>• Sample preparation for all samples followed ALS or Analabs standard methodologies for gold fire assays at their respective Townsville labs.<br>• Dominion RC sampling included repeat round robin lab checks of -75 µm pulps which were collected every 20 m and submitted to ALS for a comparison with the original sample analysed at Analabs.<br>• Ross submitted field duplicates to ALS with the majority of duplicates falling within the 10% precision limits set by Ross. Repeats of 1kg split of -75 µm pulp were submitted by Ross to Analabs in Townsville on a selected basis (mainly from the ore zones) as a check on the precision of the ALS assay. Repeat assays show a reasonable precision and excellent correlation.<br>• Dominion also collected a total of 165 RC samples which were resplit from the bulk bags using a 75/25 riffle split and analysed by fire assay analysis. All samples were from mineralised intercepts, and high grade samples >+5.0 g/t Au) used a gravimetric finish. The comparison of riffle vs spear indicated the spear sample was fairly accurate but all riffle split sample assays were used in preference to spear samples.<br>• Ross also submitted blank standards with each hole. The bulk of the blank assays are within the 10% desired precision limits set by Ross. Both Dominion and Ross submitted an original - 75um pulp sample of known value sourced from previous RC Ross drilling with each hole as a standard sample.<br>• According to QAQC procedure, Drummond inserted a blank sample and a registered standard every 40m in the RC holes. Duplicate samples were collected every 80m in the RC holes.<br>• Ross submitted field duplicates to ALS with the majority of duplicates falling within the 10% desired precision limits set by Ross.<br>• GBM submitted an additional 8 field blanks, 18 Geostat Standards and 19 field duplicates for QAQC purposes to ALS in the recent Glen Eva drilling. QAQC samples were preferentially inserted within zones expected to contain mineralisation. The overall aim was to have QAQC samples account for ~20% of all assay.<br>• Diameter of core size employed are considered appropriate to the grain size of the gold and in line with general industry practice for epithermal style gold deposits. Field duplicates were |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | routinely checked to ensure that secondary assays reported within acceptable limits. |
| ***Quality of assay data and laboratory tests*** | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.* | • Dominion initially sent samples to Analabs, Townsville for testing using the 50 gram fire assay method (GG313, Detection limit 0.001 ppm Au), later in the program aqua regia AAS method (GG335 Detection Limit 0.01 ppm Au) was used as the standard method. Fire assay checks were still performed on any sub economic grade zones (> 1.0 g/t) and were used in preference to aqua regia results in the drill assay database where available.<br>• A series of samples were selected for screen fire assay at an early stage in the program to establish if any coarse gold existed and if so, what degree of gold liberation the pulverising had achieved. Investigation of results indicates there is no coarse gold at Glen Eva and 50 gram fire assay method and aqua regia AAS were suitable methods for Au assays.<br>• Ross submitted original 5kg split of RC chips to Australian Laboratory Services (ALS) in Townsville. The entire sample was pulverised by a LM5 pulveriser to -75um from which a 1kg split was taken. A 50g charge was then taken from the 1kg sub sample, and submitted for fire assay for gold, technique PM209 (lead collection, flame AAS, detection limit 0.01 ppm Au) and G002 for silver (detection limit 0.1 ppm Ag).<br>• No geophysical tools were used to determine any element concentrations used in this resource estimate.<br>• Grind size checks were performed by the labs and reported as part of their due diligence.<br>• Dominion, Ross, Drummond and GBM all implemented a system of check assaying, re-assaying, re-splitting and different assaying techniques for quality control. Standards selected were at appropriate grade ranges for the material being assayed. Gold assays were determined by the same methods used during regular sampling these methods and sample preparation methods are deemed appropriate for the nature of the samples.<br>• All original data, including QAQC data for the various stages of drilling has been located and investigated. Historic reports indicated QAQC values were within acceptable ranges. |
| ***Verification of sampling and assaying*** | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* | • Significant intersections were not able to be verified because the sample pulps are no longer available.<br>• No Twinned holes were drilled by GBM.<br>• All data, data entry procedures, data verification and data storage has been carried out in accordance with Dominion, Ross and Drummond SOPS. The site office has all documentation and paper files on hand. At all stages all companies validated and verified previous workers data. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | • *Discuss any adjustment to assay data.* | GBM has a computer/database geologists responsible for the electronic health of data. GBM has thoroughly inspected verified and validated the database used in the Glen Eva Resource.<br>• In 2015 Skandus carried validation checks on the data and found there to be very few validation issues. Skandus also reviewed all previous workers' data and data protection SOPS, and documentation at site and found all work had been carried out to acceptable industry standard and care.<br>• No adjustments or calibrations were made to any assay data used in this estimate. |
| ***Location of data points*** | • *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • This resource estimate has been carried out in the MGA94, zone 55, grid.<br>• The strike of the Glen Eva ore body is approximately MGA94 east-northeast for most of the economic mineralisation, and a local mine grid was used during mining.<br>• It is estimated that at least 90% of the collar locations are within 1 m of their actual position.<br>• Drummond collar position were surveyed with a hand held GPS and GBM collars were located using a differential GPS. Both were surveyed in MGA94.<br>• Dominion and Ross used in house mine surveyors (Total Station instrument) and a local prospect grid (AMG_Nominal).<br>• The majority of holes reported in the Glen Eva database and used in the resource estimate are recorded in both Glen Eva mine local grid, national grid MGA94 datum (Zone 55). The local prospect exploration grid (AMG_Nominal) was recorded in historic company reports and digitised in the process of collar validation however has not been included in the Resource database.<br>• The LIDAR topographic survey used in the resource was obtained by GBM in 2016 and has a resolution of 25 cm.<br>• GBM, Dominion and Ross downhole surveys were carried out at a nominal 30 or 50 metres respectively using a single shot Eastman downhole survey camera. |
| ***Data spacing and distribution*** | • *Data spacing for reporting of Exploration Results.*<br>• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>• *Whether sample compositing has been applied.* | • Most of the Glen Eva Resource drill holes have a spacing between 20 m and 25 m, with 50 m by 50 m drilling on the margins<br>• The 25 m by 25 m drill spacing is sufficient to unequivocally define geology and to define grade continuity (variogram structure). The resource classification reflects where drill spacing is wider and geological continuity is not as well constrained.<br>• No sample compositing has been applied. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Orientation of data in relation to geological structure*** | • *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | • The drilling is largely on north – south sections. As the strike of the mineralisation is approximately 120º, the drill sections are not orthogonal to the mineralisation. Therefore, the drilling orientation is adequate, but not optimal, for definition of the mineralisation geometry.<br>• No orientation based sampling bias has been identified in the data. |
| ***Sample security*** | • *The measures taken to ensure sample security.* | • GBM has an industry standard SOP governing sample security. Previous workers also had SOPs, Skandus interviewed previous senior technicians from DGO and Ross Mining and found that sample security on historical samples was adequate, this is backed up by the physical evidence of DGO storage of pulps, rock chips and drill core. |
| ***Audits or reviews*** | • *The results of any audits or reviews of sampling techniques and data.* | • Skandus, in 2015 carried out a review of the historical sampling techniques and data and found it appropriate. Check samples were taken with good correlation and a review of drill core and drill chips versus hand written logs versus database entries was carried out with very good correlation. |

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Mineral tenement and land tenure status*** | • *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | • The Glen Eva Gold mine is located 12km South-East of Mt Coolon town site. Glen Eva Gold mine and the former gold mining township Mt. Coolon, lie approximately 200 km due west of Mackay and 130 km south west of Collinsville in Central North Queensland. The prospect is contained within Mining Lease (“ML”) 10227 with an expiry of 31st January 2024. The ML is surrounded by Exploration Permit for Minerals (“EPM”) 15902 (also held by the GBM), of 100 sub blocks it is in in its 8th year with an expiry date of 12th June 2018. There are currently no Encumbrances, Mortgages, Caveats or Third Party Interests in place. Native title on the MLs is classed as NO Native Tile. A Cultural and Heritage Management Plan is in place with the Jangga People (Bulganunna Aboriginal Corporation) for all three MLs. The ML is wholly covered by a Cropping Zone however there is no Strategic Cropping Zones over the Tenure. A tenement review carried |

| Criteria | JORC Code explanation | Commentary |
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| | | out by GBM in December 2014 found the lease to be in good standing and compliance. The MLs and EPM are held 100% by MT COOLON GOLD MINES PTY LTD, which is in turn owned 100% by GBM Resources LTD.<br>• The tenure is currently secured via direct ownership. The permit is a Mining Lease. |
| ***Exploration done by other parties*** | • *Acknowledgment and appraisal of exploration by other parties.* | • BHP Minerals Exploration (1985-1989) BHP held an extensive belt of tenements over the Mt. Coolon region, extending up to 80km north, 30km south and 50km west of the Mt. Coolon township. The main target of exploration was epithermal style precious metal mineralisation within the Bulgonunna Volcanics. Grass roots exploration utilising stream sediment sampling and reconnaissance prospecting located the Hill 273 (Glen Eva) prospect. A sinter was identified at the prospect within weakly siliceous, argillic altered rhyolite tuffs. Subsequent BLEG soil sampling on a 100m x 100m spaced grid produced a peak value of 11.4 ppb within a 1.25km x 450m gold anomaly (>5ppb Au). Rock chipping returned a best value of 0.11 ppm Au. Follow up drilling of 11 open percussion holes to 24m depth failed to return any gold values greater than 0.05ppm.<br>• Aberfoyle Resources Ltd. (1990-1992) Focused on demagnetisation zones associated with hydrothermal alteration. Geological traversing delineated an area of subdued magnetics associated with rhyolite sub-crop covered by epithermal quartz float along a boundary fence line (Eastern Siliceous Zone prospect).<br>• Austwhim Resources Ltd. (1992-1998) Extensive exploration work concentrated on four main prospects and included lag, soil and rock chip sampling, gridding and mapping, followed by considerable RC, open hole percussion, RAB and NQ diamond drilling of four prospects. Drill testing of the Fence and Arsenic Anomalies delineated by surface geochemistry, failed to intersect any significant mineralisation. Encouraging results from RC percussion drilling on the margins of an intensely silicified rhyolite complex at the Eastern Siliceous Zone returned a best intersection of 15m @ 1.92g/t Au from 56m. A NQ2 diamond hole (243m TD) was drilled to test the marginal breccia zones of the complex and failed to intersect any significant intersections at depth. Austwhim withdrew from a JV with Ross in August 1998.<br>• Dominion (1993-1995) Extensive RAB, RCP and diamond core (NQ2) drilling program was completed following up on a previous intersection of 33m @ 0.22g/t Au in a percussion hole near an outcropping sinter at Glen Eva. An indicated-inferred gold-silver resource was outlined at the Glen Eva prospect based on 50m x 50m drill hole spacing over a 300 m strike length. Using manual polygonal interpretation, Dominion estimated an indicated and inferred resources of |

| Criteria | JORC Code explanation | Commentary |
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| | | 425,000 t @ 4.7 g/t Au cut to 20 g/t Au (64,220 oz), or 424,775 t @ 5.39 g/t Au uncut (73,786 oz) both with approximately 177,300 oz of associated silver.<br>• Ross Mining Limited (1996-1999) Extensive orientation geochemical surveys verified a coherent 1.6km x 350m E-W trending +5ppb gold in soil anomaly (-2mm BCL) above the main mineralized lode, with the peak (+10ppb Au) displaced 400m to the west. Ross undertook four additional resource estimates after subsequent stages of drilling:<br>  ◦ 541,600 t @ 4.37 g/t Au for 76,200 oz Au undiluted resource above a 0.50 g/t cutoff and cut to 30 g/t Au<br>  ◦ (Ruxton) Measured 220,000 t @ 6.80 g/t Au 15.6 g/t Ag, Indicated 120,000 t @ 3.20 g/t Au 8.60 g/t Ag for a total of 340,000 t @ 5.50 g/t Au 13.10 g/t Ag containing 60,100 oz Au and 140,000 oz Ag<br>  ◦ In 1996 Vigar estimated 450,000 t @ 4.90 g/t Au for 70,800 oz of gold<br>  ◦ The Glen Eva deposit was mined by Ross mining NL over a period of nine months in 1997. The mine produced 24,185 ounces of gold, recovered from 156,000 t of ore. No prospect scale work was conducted from July 1999.<br>• Delta Gold Ltd took over Ross Mining in April 2000, so Delta Gold Ltd are now the active JV partners on the Glen Eva EPM 9981. Drummond Gold (2005-2015)<br>• Drummond drilled two RC for a total of 626 m in 2010 to test mineralisation below the current Glen Eva pit. No further work was undertaken by Drummond at Glen Eva. |
| ***Geology*** | • *Deposit type, geological setting and style of mineralisation.* | • Glen Eva is a epithermal low sulphidation quartz adularia pyrite gold system located in the basal sequences of the Late Devonian to Early Carboniferous Drummond Basin ( Cycle 1 -Silver Hills Volcanics) which now occur as 'windows' generally adjacent to the Early Palaeozoic Anakie Inlier. Glen Eva mineralisation primarily occurs as auriferous epithermal colloform and crustiform quartz veins and low grade stockworks. Mineralisation is overlain by a 20 m to 30 m thick sinter horizon which is in turn unconformably overlain by up to 10 m of lateritised Tertiary sediments. Most of the mineralisation occurs as a stacked series of west-northwest striking and shallowly north-east dipping stockwork zones just below the sinter cap. A higher grade, northwest striking, sub-vertical feeder quartz vein occurs below the stockwork zones. Outcrop is restricted to the small zone of sinter 100 m south-west of the concealed mineralisation. Alteration adjacent to the main lodes is dominated by sericite and pyrite which grades outwards into chlorite, calcite and pyrite. |

| Criteria | JORC Code explanation | Commentary |
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| ***Drill hole Information*** | • *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*<br>  • *easting and northing of the drill hole collar*<br>  • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>  • *dip and azimuth of the hole*<br>  • *down hole length and interception depth*<br>  • *hole length.*<br>• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | • This is not reported as the information is not material because exploration results are not being reported. |
| ***Data aggregation methods*** | • *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*<br>• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • This is not reported as the information is not material because exploration results are not being reported.<br>• No metal equivalents have been used. |
| ***Relationship between mineralisation*** | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect* | • This is not reported as the information is not material because exploration results are not being reported. |

| Criteria | JORC Code explanation | Commentary |
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| ***widths and intercept lengths*** | *to the drill hole angle is known, its nature should be reported.*<br>• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').* | |
| ***Diagrams*** | • *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.* | • Refer to the Maps and Plans in the full report. |
| ***Balanced reporting*** | • *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | • This is not reported as the information is not material because exploration results are not being reported. |
| ***Other substantive exploration data*** | • *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | • This is not reported as the information is not material because exploration results are not being reported. |
| ***Further work*** | • *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided* | • There is potential for additional resources to be discovered by further drilling at depth below the pit and possibly near surface along strike to the east of the pit.<br>• Metallurgical test work to determine the optimal processing route and indicative processing economics is in progress |

| Criteria | JORC Code explanation | Commentary |
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| | *this information is not commercially sensitive.* | |

## Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

| Criteria | JORC Code explanation | Commentary |
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| ***Database integrity*** | • *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*<br>• *Data validation procedures used.* | • The majority of the Glen Eva data was sourced by GBM directly from original data presented in tenement summary Company reports from Ross, Dominion or Normandy and entered and validated against original data.<br>• Other downhole data was collated by Drummond Gold and validated by GBM from a mixture of hardcopy and digital logging<br>• Responsibility for the data resides with GBM<br>• Data was validated by checks for duplicate entries, sample overlap, unusual assay values and missing data |
| ***Site visits*** | • *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*<br>• *If no site visits have been undertaken indicate why this is the case.* | • Kerrin Allwood made a site visit from 20/5/16 to 22/5/16. During this visit the pit area, core farm and logging facility were inspected to confirm the geology, logging and sampling procedures used and to verify the location of a small number drill collars used in this resource estimate. |
| ***Geological interpretation*** | • *Confidence in (or conversely, the uncertainty of ) the geological interpretation of the mineral deposit.*<br>• *Nature of the data used and of any assumptions made.*<br>• *The effect, if any, of alternative interpretations on Mineral Resource estimation.*<br>• *The use of geology in guiding and controlling Mineral Resource estimation.*<br>• *The factors affecting continuity both of grade and geology.* | • The geological interpretation (gold domains) is based on logging (largely quartz vein content) and assay data from largely RC drilling. The low grade (0.2 g/t Au nominal cutoff) gold domains are generally consistent from section to section giving rise to high geological confidence in this interpretation. Smaller high grade (> 5.0 g/t Au) mineralisation occurs within the low grade mineralisation. The very high grade mineralisation is less continuous and could not be separately domained with sufficient confidence for resource estimation.<br>• The controls on gold mineralisation are inferred to be structural (fault controlled, high grade, steep quartz veins) and lithological (gently dipping, low grade stockwork / alteration zones).<br>• Plausible alternative interpretations of the (low grade) gold domains are not possible except:<br>    • It is not clear which domain the high grade mineralisation at the intersection of the flat and steep domains should be assigned to.<br>    • in some minor areas on the margins of the domains<br>• The resource classification reflects the possibility of plausible alternative interpretations of the (low grade) gold domains |

| Criteria | JORC Code explanation | Commentary |
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| | | • Grade continuity is structurally and lithologically controlled. |
| ***Dimensions*** | • *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.* | • The gold mineralisation has been interpreted as five gently dipping and one steeply dipping domain.<br>• Four gold domains are sub-parallel, dipping about 25º to the NE. These domains are typically interpreted over a strike (120º) length of 450m, a down dip length of 120m and range from 4m to 30 m thick. These domains separated by 0m to 20 m of barren to weakly mineralised waste.<br>• One gold domain dips about 20° to the southwest, extends about 150 m along strike (120°), at least 50 m across strike and is 2 m – 8 m thick.<br>• The steep dipping domain extends 300m along strike (also 120º) with a sub-vertical to very steep SE dip. The domain is generally about 75 m down dip, although the base of mineralisation has not been closed off. The steep domain is 2m to 18 m thick. The upper limit of the steep domain is geological (not topography) and is typically about 100m below the original (pre-mining) topographic surface. |
| ***Estimation and modelling techniques*** | • *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*<br>• *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.*<br>• *The assumptions made regarding recovery of by-products.*<br>• *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).*<br>• *In the case of block model interpolation, the block* | • Ordinary kriging (OK) with outlier restriction was selected as the grade interpolation method. OK was selected because it is a robust, easy to implement interpolator that is well understood within the industry. Gold grades were interpolated into a block model using gold grade domains interpreted at a nominal 0.2 g/t Au as 'hard' boundaries. Prior to statistical analysis and grade interpolation the raw assay data was composited into 2.0 m composites. A minimum of 4 and a maximum of 15 composites were used from within a search ellipsoid oriented parallel to the variogram model to interpolate each block. The influence of all composites greater than 50 g/t was restricted to 20 m to limit the influence of extremely high grade composites. Data was projected a maximum of 75 m. Minesight software was used for (geo)statistical analysis, interpolation and block modelling<br>• Variants utilising alternative interpolators (inverse distance squared and nearest neighbour) and alternative outlier limits (30 g/t and 100 g/t) were used to check the model.<br>• Previous resource estimates include:<br>  • Ross Mining 1996: 541,600 t @ 4.37 g/t Au for 76,200 oz Au undiluted resource above a 0.50 g/t cutoff<br>  • Ruxton 1996: Measured 220,000 t @ 6.80 g/t Au 15.6 g/t Ag, Indicated 120,000 t @ 3.20 g/t Au 8.60 g/t Ag for a total of 340,000 t @ 5.50 g/t Au 13.10 g/t Ag containing 60,100 oz Au and 140,000 oz Ag |

| Criteria | JORC Code explanation | Commentary |
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| | *size in relation to the average sample spacing and the search employed.*<br>• *Any assumptions behind modelling of selective mining units.*<br>• *Any assumptions about correlation between variables.*<br>• *Description of how the geological interpretation was used to control the resource estimates.*<br>• *Discussion of basis for using or not using grade cutting or capping.*<br>• *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.* | ◦ Vigar 1996: 450,000 t @ 4.90 g/t Au for 70,800 oz of gold<br>◦ H&S 2015: 132,000t @ 7.8 Au indicated and 21,000t @ 5.9 g/t Au inferred using a cutoff of 3.0 g/t Au<br>• Open pit mining was carried out by Ross Mining in 1996.<br>• No by-product is assumed, although Ag may be economically significant. Ag was not estimated because the quality of the Ag assay data could not be verified.<br>• No deleterious elements were estimated due to a lack of data<br>• The block model used parent blocks of 10 m x 10 m x 2.5 m (XYZ) with sub-blocks of 2.5 m x 2.5 m x 1.25 m.<br>• Geology was used firstly as an input into the interpretation of the gold domains and secondly the gold domains were used as hard boundaries<br>• Grade cutting per se was not used, but outlier restriction limited the influence of all composites greater than 50 g/t Au to 20m. This allowed the high grade composites to be honoured but also recognising that lack of continuity of these high grade composites<br>• The block model was validated:<br>◦ visually against composite grades<br>◦ statistically by comparison of average model grades with de-clustered composite grades and by comparing histograms of block and composite grades<br>◦ by swath plots in east, north and vertical directions<br>• |
| ***Moisture*** | • *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.* | • All tonnages are reported on a dry basis. Both assay and density samples were oven dried at 105º |
| ***Cut-off parameters*** | • *The basis of the adopted cut-off grade(s) or quality parameters applied.* | • The open pit resource cut-off grade is based on preliminary economic analysis with the revenue factored up by 30% to reflect potential movement in gold price (see below).<br>• Mining and metallurgical parameters assumed are detailed below<br>• For the purpose of this resource an open pit cut-off grade of 0.4 g/t Au was used to reflect the likely economics of mining and CIP treatment. |
| ***Mining factors or assumptions*** | • *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is* | • Open pit mining is assumed and resources are only reported from above 130RL. 130RL was selected as the depth limit for resource reporting from a pit shell optimised on an earlier version of the block model using best estimate pit slopes, metallurgical recovery (95%), mining and |

| Criteria | JORC Code explanation | Commentary |
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| | *always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.* | processing (CIL) costs with the gold price escalated 30% to AUD$2200/oz and a 2.5% royalty.<br>• The open pit cutoff grade is calculated from the best estimate costs<br>• The economic parameters are best estimate assumptions based on benchmarking. Further work is required to refine the economic parameters and at this stage no mineral reserve will be reported for the Glen Eva deposit. |
| ***Metallurgical factors or assumptions*** | • *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.* | • A metallurgical recovery of 95% is assumed based on preliminary testwork and because of the recoveries achieved at nearby CIL plants processing similar mineralisation. |
| ***Environmental factors or assumptions*** | • *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should* | • It is assumed that costs associated with disposal of waste from processing (tailings) and mining (waste dumps) will be possible at reasonable costs using industry standard methods.<br>• The area around the Glen Eva deposit has subdued topography with no major watercourses, so finding suitable sites for tailings and waste dumps should be easy. Waste dumps from past mining are still in place and are stable with no known significant long term environmental issues.<br>• There is insufficient data to estimate the likely characteristics (especially acid rock drainage, ARD) of waste rock or tailings. The limited analytical and logging data suggest there is some risk of low level ARD that should be amenable to simple, low cost remediation within waste dumps. |

| Criteria | JORC Code explanation | Commentary |
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| | *be reported with an explanation of the environmental assumptions made.* | |
| ***Bulk density*** | • *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*<br>• *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.*<br>• *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.* | • The bulk density is assigned from the average of 237 determinations for fresh material. The determinations were by silicon coated immersion of core which accounts for small scale voids. Bulk density was assigned and not interpolated because the data were clustered, being from only 10 holes. There is likely little risk in density assignment because there was little variability of the bulk density data, with the CV of fresh mineralised material 0.05.<br>• Bulk density was assigned to oxide material based on the competent person's experience with the style of mineralisation and weathering. This was done because there was only 1 density determination from oxide material. |
| ***Classification*** | • *The basis for the classification of the Mineral Resources into varying confidence categories.*<br>• *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).*<br>• *Whether the result appropriately reflects the Competent Person's view of the deposit.* | • No resources have been classified as measured due to the limited data available on drilling, sampling methods and the clustered spatial configuration of the bulk density data.<br>• Classification took into account<br>    • geological continuity,<br>    • the plausibility of alternative geological interpretations,<br>    • data (drilling) density and configuration (distance to nearest samples, number holes used)<br>    • kriging slope of regression<br>    • proximity to topographic surface in pit area<br>• The resource classification reflects the competent person's view of the deposit |
| ***Audits or reviews*** | • *The results of any audits or reviews of Mineral Resource estimates.* | • This resource estimate has not been reviewed or audited |
| ***Discussion of relative accuracy/ confidence*** | • *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or* | • The relative accuracy and confidence level in the Mineral Resource estimates are considered to be in line with the generally accepted accuracy and confidence of the nominated Mineral Resource categories. This has been determined on a semi- quantitative basis, and is based on the Competent Person's experience with similar deposits.<br>• The resource classification relates to both global and local estimates. |

| Criteria | JORC Code explanation | Commentary |
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| | *geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*<br>• *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*<br>• *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.* | • No production data is available for comparison with this resource estimate |