

31 October 2019

REPORT FOR THE QUARTER ENDED 30th SEPTEMBER 2019

Key Points:

1. GBM to Acquire 100% Interest in Millstream Resources Pty Ltd

- **Heads of Agreement (refer ASX announcement 16 October 2019) with Stibium Mining Pty Ltd (Stibium) to acquire its subsidiary Millstream Resources Pty Ltd (Millstream) for consideration of 150 million fully paid shares in the capital of GBM Resources Ltd.**
- **Millstream has entered into a Non – Binding Terms Sheet with Round Oak Minerals Pty Ltd (Round Oak) which sets out the terms for Millstream to earn an initial 50% joint venture interest in the White Dam Gold Operation (White Dam).**
- **The Joint Venture interest provides GBM with the opportunity to generate cash flow through heap leach gold production in the next 12 months and assess opportunities to restart mining in remnant open pits and undeveloped resources at White Dam.**
- **The Company believes that acquisition of Millstream has the potential to support its working capital requirements and ongoing development of the Mt Coolon Gold Project.**

2. Field work commenced on the Pan Pacific Copper Farm In Projects with drilling at FC-2 Prospect and trial EM surveys.

3. Appointment of Mr Peter Mullens as a Non-Executive Director. Mr Mullens has over 35 years' experience in the mining industry from early exploration through to project development and mine production.

ASX Code: GBZ

COMPANY DIRECTORS

Peter Thompson
Managing Director/ Executive Chairman

Sunny Loh
Non-Executive Deputy Chairman

Neil Norris
Exploration Director – Executive

Peter Mullens
Non-Executive Director

CONTACT DETAILS

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SAFETY AND ENVIRONMENT

No LTI or environmental incidents were reported during the September 2019 Quarter. The Company has now completed 93 consecutive months with no LTI's and 139 consecutive months with no significant environmental incidents.

GBM TO ACQUIRE 100% INTEREST IN MILLSTREAM

The Company announced, on 16 October 2019 the signing of a Heads of Agreement (“**HoA**”) with Stibium whereby GBM has agreed to acquire a 100% interest in Millstream.

Stibium through its subsidiary Millstream can initially earn a 50% interest in the White Dam as part of an unincorporated joint venture (**Joint Venture**).

The Company believes that the successful formation of the Joint Venture may provide GBM with the opportunity to generate cash while assessing opportunities to restart mining operations to exploit remnant open pit mineralisation, other previously defined mineralised zones at White Dam and explore other associated tenements.

The acquisition of Millstream has the potential to support the Company's working capital requirements and ongoing development of the Mt Coolon Gold Project.

The White Dam Gold Operation and Development Strategy

The White Dam Gold Operation is located in South Australia, approximately 100 km south-west of Broken Hill. It is currently owned by Round Oak

The White Dam Gold Operation is a heap leach project and since, 2010 has produced approximately 170,000 oz gold from heap leaching of ~7.5 Mt of ore which has been mined from two open pits. Available reconciliation of mining against resource estimates is good and indicates that a potentially significant tonnage of mineralised material remains to be mined from both the Hannaford and Vertigo open pits. While further work is required to confirm and quantify in detail, this does appear to represent an opportunity to extend the mine life of the project. It is worth noting the current gold price of around AUD\$2,150 versus a price of AUD\$1,650 at the time of the most recent mining in 2016/17.

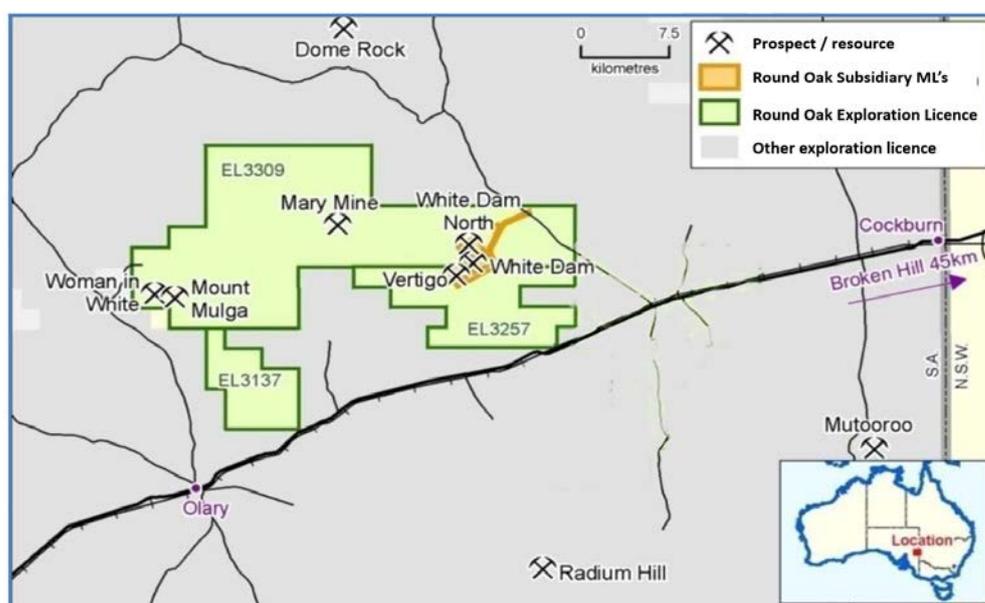


Figure: Location map of the White Dam Gold Operation



Figure: Existing Gold Recovery Plant

The White Dam Gold Operation includes the open pit mines, dump / heap leach, the gold extraction plant and related infrastructure.

In summary the potential joint venture gives the opportunity for the Company to:

- Improve gold recovery at the White Dam Gold Project with the SART Plant to be commissioned in 2020.
- Brings an experienced operational team.
- Provides the basis of an attractively priced acquisition.
- The gold recovery plant has the ability to be relocated to the Mt Coolon Eugenia Heap Leaching Project to support its possible development, should GBM exercise its option to acquire 100% of the project.
- Provides significant exploration upside from extension of existing pits and exploration of identified structural and geochemical targets for new gold discoveries.

ABOUT THE MT COOLON GOLD PROJECT, QUEENSLAND (MCGP)

GBM completed a scoping study on the MCGP (refer ASX Release 4th of December 2017). This study demonstrates that the redevelopment of the MCGP with its current resources has the potential to generate a strong positive cash flow. Based on a gold price of A\$1,667, the Scoping Study demonstrated the potential economic viability of mining the Koala, Glen Eva and Eugenia resources using a combination of Heap Leaching and CIL processing. The Life of Mine highlights summary is included in the table below.

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

The current gold price of A\$2,150 per ounce gold has increased significantly from the scoping study gold price assumption of A\$1,667 per ounce, an increase of A\$483 per ounce which potentially adds another \$75million in gold revenue and potentially increasing the viability of the LOM production of 155,000 ounces.

Of the gold production detailed in this study, 72% of Au is from Indicated Resources based on updated mineral resources estimates for the Koala, Glen Eva and Eugenia Deposits**. The Koala and Glen Eva deposits are on granted mining leases. It is also significant that the resource areas remain open and are considered to hold high potential to extend mine life. The Scoping Study was completed by independent consultants, Mining One Pty Ltd with input from GBM and external consultants.

Table 1 below summarises the MCGP gold resources (Refer ASX announcement 4 December 2017 for information relating to the Koala, Glen Eva and Eugenia resource estimates).

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	

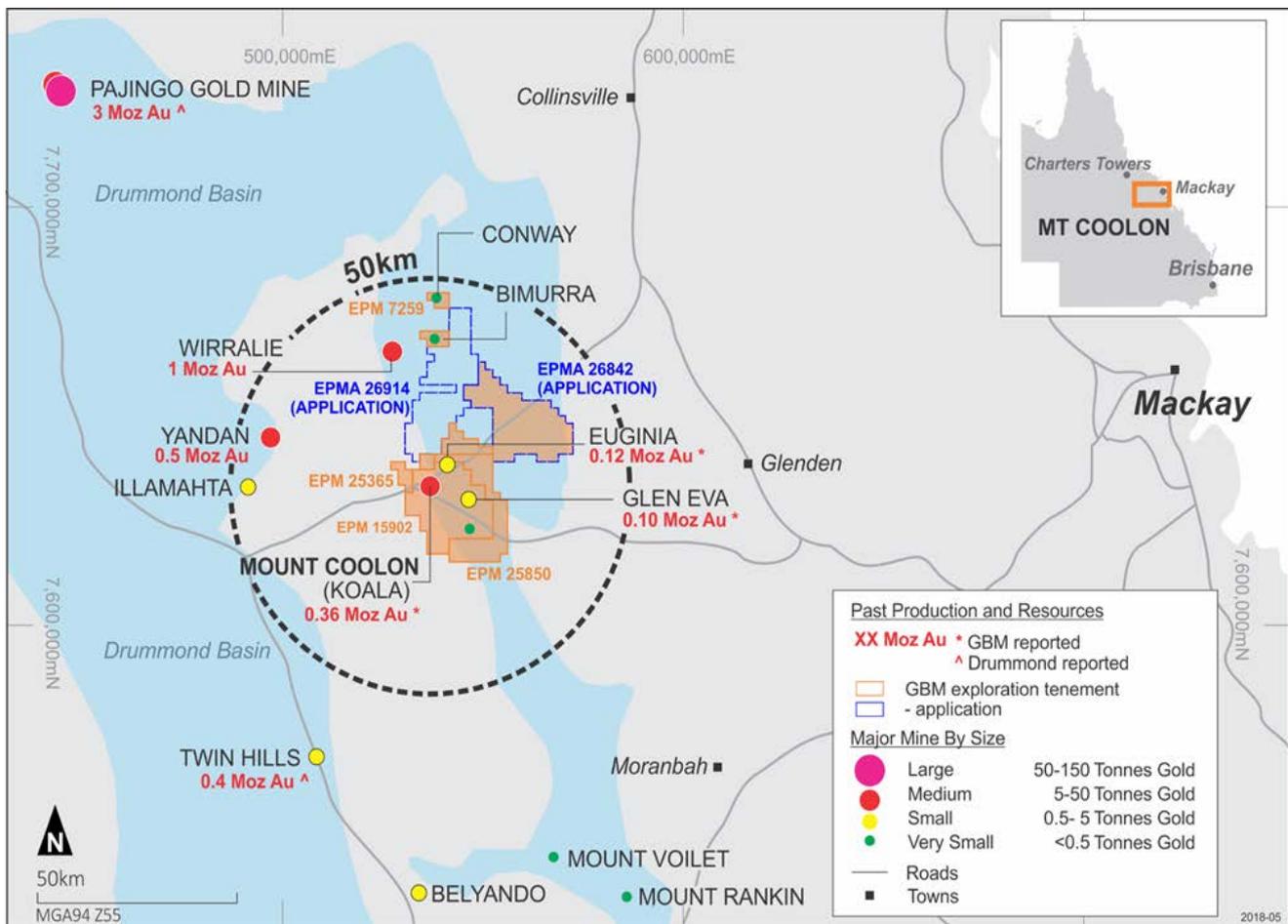


Figure: Resources, exploration prospects and tenement locations in the Mount Coolon Gold Project.

MALMSBURY GOLD PROJECT (VICTORIA)

During this quarter the Company released a revised Malmsbury resource which has been reviewed and upgraded to comply with requirements of the 2012 version of the JORC Code and current ASX guidance (refer ASX announcement 4 July 2019).

The Malmsbury Gold Project is located within the Central Victorian Goldfields.

The inferred resource remains unchanged at 820,000 tonnes at an average grade of 4.0 g/t Au containing 104,000 ounces of gold at a cut-off grade of 2.5 g/t Au.

Resource Classification	Tonnes (t)	Grade g/t Au	Contained Gold ozs	Cut-off Grade g/t
Inferred	820,000	4.0	104,000	2.5

Table 2: Levan Star Resource. Please note rounding ('000 tonnes, 0.0 g/t and '000 ounces).

The Levan Star Lode is hosted by one of the multiple known gold bearing structures spread over a strike length of at least 2 kilometres in the contiguous historic Drummond North and Belltopper Hill Goldfields (see figure below). These structures have been subject to extremely limited exploration. The Drummond North Goldfield (Queens Birthday/Egyptian/O'Connors Mines) yielded around 90,000 ounces from mining in the late 1800's and to date has only been tested by one drill hole.

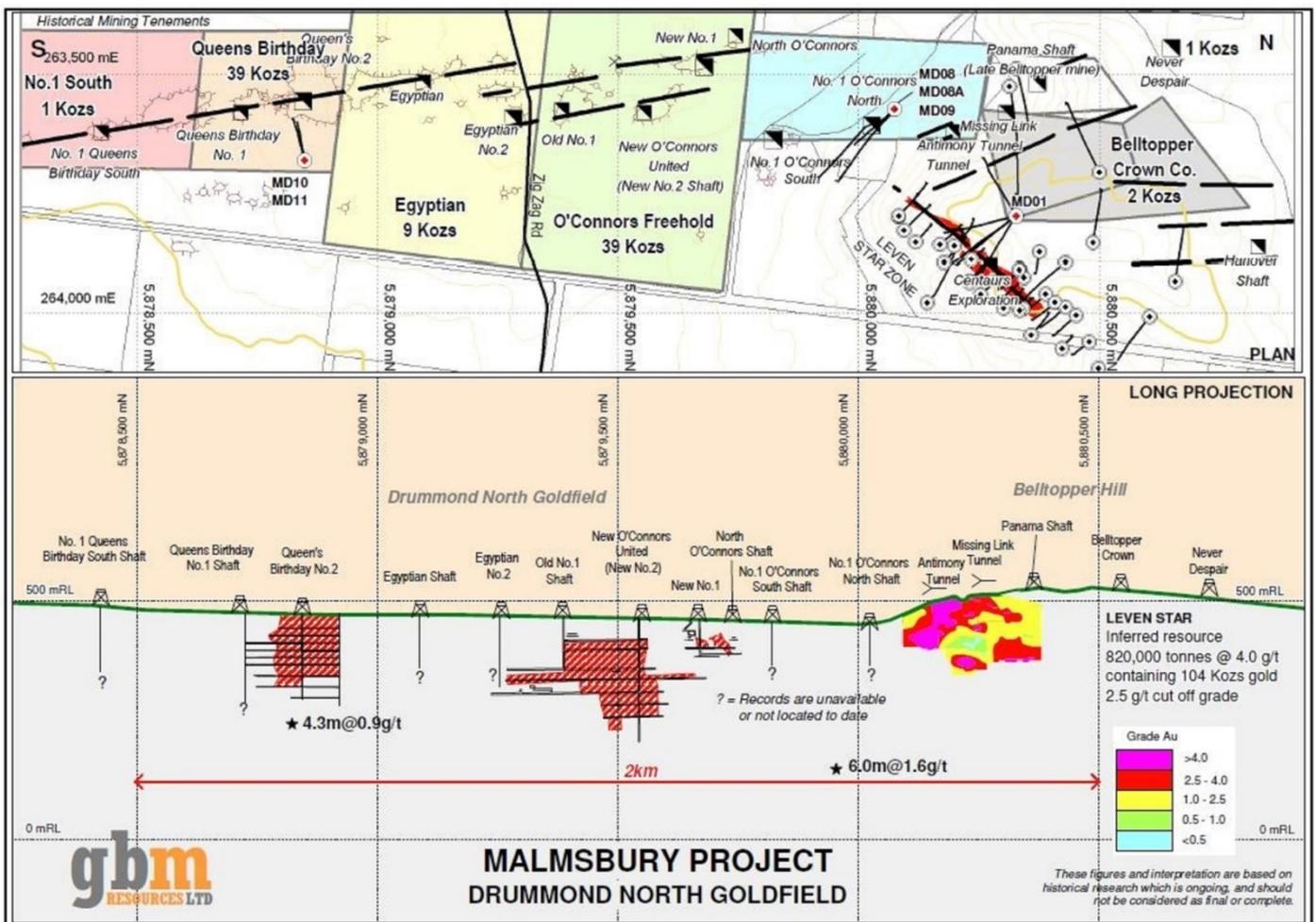


Figure: Resources and past production of the Malmsbury Gold Project, Surface Plan (top) and Long Projection (bottom).

PAN PACIFIC COPPER FARM-IN PROJECTS, MOUNT ISA REGION, QUEENSLAND (47.1% GBM)

Introduction.

Planning of the 2019 field programme was completed during the quarter exploration and field work commenced during October supported by a \$0.64M exploration budget previously approved by our Farm-In partners Cloncurry Exploration and Development (CED is wholly owned by Pan Pacific Copper Company Limited).

Reprocessing of the GA/GSQ regional VTEM data over Mt Margaret was completed in July/August. All sections over the Mt Margaret project tenements were reprocessed using raw data requested from Geoscience Australia. Sections were then interpreted and possible conductive anomalies picked. This work has confirmed the capacity of electro-magnetic (EM) geophysical techniques to 'see' through the cover rock sequence in at least some areas of the Mount Margaret Project. With confirmation of this a ground EM trial has been planned covering several known targets including FC-4 and FC-2 areas. In addition downhole EM will be trialled in the FC-2 area to test for possible sulphide related conductors.

Forward Program

Work during the December Quarter will consist include extending drill-hole MMA-015 at the FC-2 anomaly and trialling downhole EM in this hole. In addition, trial ground EM lines will be completed at FC-2 and FC-4 Prospect areas.

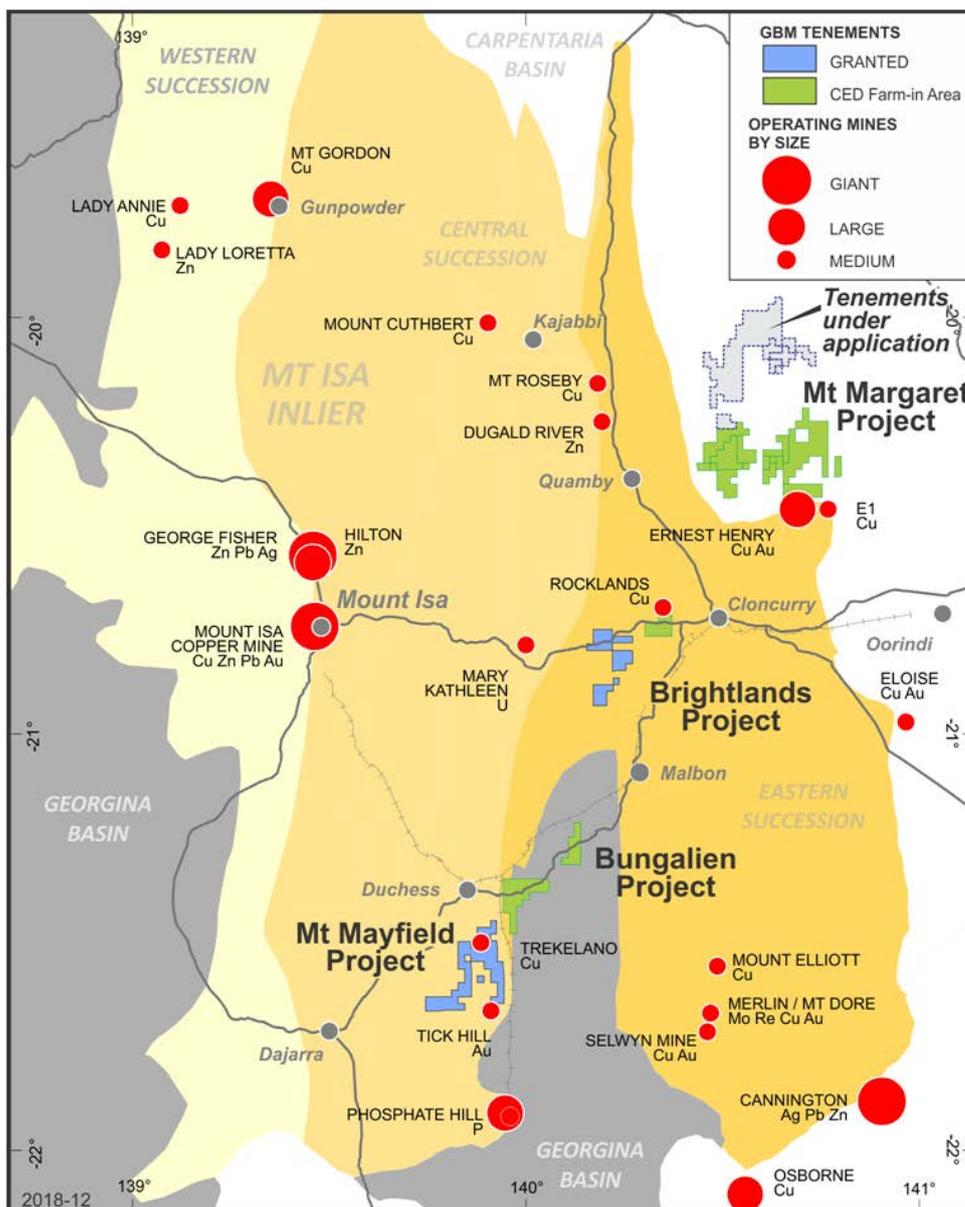


Figure: Location map showing Farm-in Areas and GBM tenements in the North West Mineral Province, Queensland.

TENEMENT SUMMARY

Throughout the September Quarter reports and payments have been lodged as required.

Project / Name	Tenement No.	Owner	Manager	Interest	Interest	Status	Approx Area (km2)
				30-Jun-19	30-Sep-19		
Victoria							
Malmsbury							
Drummond	RL6587	GBMR* ¹ /Belltopper Hill	GBMR	100%	100%	Application	6.7
Yea							
Monkey Gully	EL5293	GBMR	GBMR	100%	100%	Granted	25
Queensland							
Mount Morgan (Project)							
Smelter Return	EPM18366	GBMR	GBMR	100%	100%	Granted	62
Limonite Hill	EPM18811	GBMR	GBMR	100%	100%	Granted	107
Mt Hoopbound	EPM18812	GBMR	GBMR	100%	100%	Granted	23
Limonite Hill East	EPM19288	GBMR	GBMR	100%	100%	Granted	3
Mt Victoria	EPM25177	GBMR	GBMR	100%	100%	Granted	3
Mountain Maid	EPM25678	GBMR	GBMR	100%	100%	Granted	26
Mt Morgan West	EPM27096	GBMR	GBMR	100%	100%	Granted	325
Mt Morgan East	EPM27097	GBMR	GBMR	100%	100%	Application	325
Mt Morgan Central	EPM27098	GBMR	GBMR	100%	100%	Application	325
Moonmera	EPM19849	GBMR* ³	GBMR	100%	100%	Granted	16
Mount Usher	ML100184	GBMR	GBMR	100%	100%	Application	6
Project Area							1017
Mount Isa Region							
Mount Margaret (Project Status)							
Mt Malakoff Ext	EPM16398	GBMR* ^{2,4} /Isa	GBMR	47.0%	46.8%	Granted	78
Cotswold	EPM16622	GBMR* ^{2,4} /Isa	GBMR	47.0%	46.8%	Granted	16
Dry Creek	EPM18172	GBMR* ^{2,4} /Isa	GBMR	47.0%	46.8%	Granted	163
Dry Creek Ext	EPM18174	GBMR* ^{2,4} /Isa	GBMR	47.0%	46.8%	Granted	23
Mt Marge	EPM19834	GBMR* ⁴ /Isa Tenements	GBMR	47.0%	46.8%	Granted	3
Corella	EPM25545	GBMR* ⁴ /Isa Tenements	GBMR	47.0%	46.8%	Granted	46
Tommy Creek	EPM25544	GBMR* ⁴ /Isa Tenements	GBMR	47.0%	46.8%	Granted	33
Middle Creek	EPM27128	GBMR/Isa Tenements	GBMR	100%	100%	Application	35
Sigma	EPM27166	GBMR/Isa Tenements	GBMR	100%	100%	Application	287
Project Area							683
Brightlands							
Brightlands	EPM14416	GBMR* ² /Isa Brightlands	GBMR	100%	100%	Granted	94
Bungalien							
Bungalien 2	EPM18207	GBMR* ² /Isa Tenements	GBMR	100%	100%	Granted	120
The Brothers	EPM25213	GBMR/Isa Tenements	GBMR	100%	100%	Granted	7
Mayfield							
Mayfield	EPM19483	GBMR* ² /Isa Tenements	GBMR	100%	100%	Granted	91
Mt Coolon							
Mt Coolon	EPM15902	GBMR/MCGM	GBMR	100%	100%	Granted	299
Mt Coolon North	EPM25365	GBMR/MCGM	GBMR	100%	100%	Granted	85
Mt Coolon East	EPM25850	GBMR/MCGM	GBMR	100%	100%	Granted	176
Conway	EPM7259	GBMR/MCGM	GBMR	100%	100%	Granted	39
Bulgonunna	EPM26842			100%	100%	Granted	325
Black Creek	EPM26914			100%	100%	Granted	325
Koala 1	ML 1029	GBMR/MCGM	GBMR	100%	100%	Granted	0.71
Koala Camp	ML 1085	GBMR/MCGM	GBMR	100%	100%	Granted	0.05
Koala Plant	ML 1086	GBMR/MCGM	GBMR	100%	100%	Granted	0.98
Glen Eva	ML 10227	GBMR/MCGM	GBMR	100%	100%	Granted	1.30
Project Area							1248
TOTALS							3292

Note

*¹ subject to a 2.5% net smelter royalty to vendors.

*² subject to a 2% net smelter royalty is payable to Newcrest Mining Ltd. On all or part of the tenement area.

*³ subject to 1% smelter royalty and other conditions to Rio Tinto

Figure: GBM Tenement summary table as at 30 September 2019

CORPORATE

1. The Company spent a total of A\$457,000 in the quarter (net of cash inflows), of which A\$328,000 was for exploration and project development and A\$139,000 on corporate and administration costs. Cash as at 30 September 2019 was \$465,000.

As at the date of this report the company's current cash is \$760,000 which includes unspent joint venture contributions of \$343,000.

2. Following the end of the quarter the Company raised \$300,000 by the issue of 100 million placement shares at \$0.003 per share to unrelated parties (refer announcement dated 9 October 2019 for further details).
3. On 9 October 2019 the Company announced the appointment of Mr Peter Mullens as a non-executive director. Mr Mullens (B.SC, Geology, Fellow AUSIMM) has over 35 years' experience in the mining industry from early exploration through to project development and mine production. Peter has a strong history of success with junior exploration companies over the last 20 years. His expertise in local and global capital markets, track record in building significant value for early stage exploration companies and technical abilities will greatly add to the composition of the Company's Board.
4. On 30 September 2019 the Company cancelled on expiry 203,391,744 listed options exercisable at \$0.05 each at the end of the exercise period (refer ASX announcement 1 October 2019).

For Further information please contact:

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The information in this report that relates to Mount Coolon Gold Project Mineral resources is extracted from ASX announcement 4 December 2017 which is available at www.gbmr.com.au Information relating to the Malmsbury Project Mineral Resources is extracted from ASX announcement 4 July 2019, also available on the company website.

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.

***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.*

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

GBM Resources Limited

ABN

91 124 752 745

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(328)	(328)
(b) development	-	-
(c) production	-	-
(d) staff costs	(35)	(35)
(e) administration and corporate costs	(104)	(104)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(15)	(15)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (incl. farm-in management fee)	29	29
1.9 Net cash from / (used in) operating activities	(453)	(453)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets – bonds/deposits	(4)	(4)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets – bonds/deposits	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Farm-in partner exploration contributions	239	239
2.6	Net cash from / (used in) investing activities	235	235
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares and options	-	-
3.2	Proceeds from issue of convertible notes	350	350
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	350	350
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	333	333
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(453)	(453)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	235	235
4.4	Net cash from / (used in) financing activities (item 3.10 above)	350	350
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	465	465

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	459	327
5.2 Call deposits	6	6
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	465	333

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	58
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Remuneration and fees paid to directors.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/a

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other – Convertible Note	700	700
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

During the June 2019 quarter the Company entered into a convertible note with Lion Resources Development Pte Ltd or its nominee (Subscriber). Key details of the Convertible Note Term Sheet are as follows:

- o Subscriber to pay the Convertible Note amount of A\$700,000 (Principal Amount).
- o Repayment Date is 12 months from date of issue.
- o Interest is payable on the Principal Amount until the Convertible Notes are either redeemed or converted into fully paid ordinary shares (Shares) in the capital of the Company at the rate of 10% per annum, calculated monthly and payable 3 monthly in arrears.
- o Each Convertible Note will be convertible into Shares at a conversion price of \$0.005 per Share.
- o The Subscriber may before the Repayment Date, convert the Convertible Notes into Shares.
- o The Convertible Notes are secured over the issued capital of Mt Coolon Gold Mines Pty Ltd.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation ¹	225
9.2 Development	-
9.3 Production	-
9.4 Staff costs	50
9.5 Administration and corporate costs	100
9.6 Other	-
9.7 Total estimated cash outflows	375

The Company is cognisant of the fact that additional funding will be required to meet short and medium term working capital requirements and is assessing various capital raising opportunities.

The balance of the convertible note was drawn on 3 July 2019. Refer section 8.4 for further details of the convertible note.

On 9 October 2019 the Company completed a \$300,000 share placement to fund short term working capital requirements.

Pursuant to the ASX announcement dated 16 October 2019 advising of the proposed acquisition of Millstream Resources Pty Ltd, the Company will seek to undertake a share placement of up to \$1,500,000 as a condition precedent to the proposed project acquisition.

¹ Estimated exploration outflows are dependent on available cash resources.

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	none			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	none			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 31 October 2019

Print name: Kevin Hart

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.