



NOTICE OF ANNUAL GENERAL MEETING

&

EXPLANATORY STATEMENT

To be held

At 10.00am, Thursday, 26 November 2015

at

Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia

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15th October 2015

Dear Fellow GBM Resources Shareholder,

Please find enclosed the Notice of Annual General Meeting for the Shareholders' Meeting to be held at Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia at 10.00am on Thursday, 26 November 2015.

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

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

Yours sincerely

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

Peter Thompson
Executive Chairman

GBM RESOURCES LIMITED

ABN 91 124 752 745

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of GBM Resources Limited will be convened at 10.00am on Thursday, 26 November 2015 at Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia.

AGENDA

1. Discussion of Financial Statements and Reports

To discuss the Financial Report, the Directors' Report and Auditor's Report for the year ended 30 June 2015.

2. Adoption of the Remuneration Report

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

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2015."

Voting Prohibition Statement

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

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

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

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

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

3. Re-Election of Director – Mr Frank Cannavo

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

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

4. Election of Director – Mr Hun Seng Tan

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

"That, Mr Hun Seng Tan, who was appointed to the Board since the last Annual General Meeting of the Company, who retires in accordance with the Company's Constitution and being eligible, offers himself for re-election, be re-elected as a director of the Company."

GBM RESOURCES LIMITED

ABN 91 124 752 745

NOTICE OF ANNUAL GENERAL MEETING

AGENDA (CONTINUED)

5. Approval to Issue up to 10% Placement Capacity

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

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

Voting Exclusion Statement

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

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

6. Ratification of Prior Issue of Equity Securities – Consideration Shares

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

"That, for the purpose of ASX Listing Rule 7.4, and for all other purposes Shareholders ratify the allotment and issue of 50,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by Drummond Gold Limited and any of its related parties.

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

7. Ratification of Prior Issue of Equity Securities – Placement Shares

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

"That, for the purpose of ASX Listing Rule 7.4, and for all other purposes Shareholders ratify the allotment and issue of 22,700,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

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

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

GBM RESOURCES LIMITED

ABN 91 124 752 745

NOTICE OF ANNUAL GENERAL MEETING

AGENDA (CONTINUED)

8. Approval of Issue of Performance Rights to Director – Mr Hun Seng Tan

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

“That, for the purpose of ASX Listing Rule 10.14, and for all other purposes, Shareholders ratify the allotment and issue of 3,600,000 Performance Rights to Mr Hun Seng Tan, or his nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement

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

The Company will disregard any votes cast on this Resolution by or on behalf of a Restricted Voter.

However, this prohibition will not apply if the vote is cast in accordance with the directions on the proxy form specifying the way the proxy is to vote, or by the Chairman in accordance with an express authorization on the proxy form.

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by a Director and any associate of a Director (except a Director who is ineligible to participate in any employee incentive scheme of the Company, or any associate of such Director).

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

NOTICE OF ANNUAL GENERAL MEETING

GENERAL NOTES

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

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

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

Proxy vote if appointment specifies way to vote

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

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

3. The Explanatory Statement to Shareholders attached to this Notice of Annual General Meeting is hereby incorporated into and forms part of this Notice of Annual General Meeting.
4. The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5.00pm on 24th November 2015.

BY ORDER OF THE BOARD



Kevin R Hart

COMPANY SECRETARY

Dated this 15th day of October 2015

GBM RESOURCES LIMITED

ABN 91 124 752 745

EXPLANATORY STATEMENT

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

1. Discussion of Financial Statements & Reports

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

2. Adoption of Remuneration Report

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

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

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

The proportion of votes cast against the adoption of the 2014 Remuneration Report was less than 25% of the total votes cast. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2015.

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

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

Definitions

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

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

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

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2015.

GBM RESOURCES LIMITED

ABN 91 124 752 745

EXPLANATORY STATEMENT

3. Re-Election of Director – Mr Frank Cannavo
as an Ordinary Resolution

Mr Cannavo is an experienced public company director with significant business and investment experience working with exploration companies in the mining industry, and has been instrumental in assisting several listed and unlisted companies achieve their growth strategies through the raising of investment capital and the acquisition of assets.

Mr Cannavo was appointed as Director on 5 August 2014.

4. Election of Director – Mr Hun Seng Tan
as an Ordinary Resolution

Mr Tan has over 30 years' experience in the process engineering sector both in China and Singapore. He was founder of BMS Technology PL, a manufacturer for the hard disk industry in Singapore and China. Mr Tan led BMS Technology in a successful merger and later 100% acquisition of that company by Nidec Corporation of Japan which is listed on both the New York and Tokyo stock exchanges.

Mr Tan holds a Master of Business Administration from University of Hull, United Kingdom and obtained his Advanced Diploma in Management Study and Production Engineering. Mr Tan has a proven track record in business development and extensive business relations in China and the Asia capital markets.

Mr Tan was appointed as Director on 15 April 2015.

5. Approval to Issue up to 10% Placement Capacity

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

An entity will be eligible to seek approval under Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity that is not included in the S&P/ASX 300 Index. The Company's market capitalisation at 14th October 2015 is \$15.6 million and is therefore considered an eligible entity for the purposes of Listing Rule 7.1A.

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

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

Where,

A = Has the same meaning as is Listing Rule 7.1

B = 10%

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

The Company is putting Agenda Item 5 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity.

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

Listing Rule 7.1A

The effect of Agenda Item 5 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

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

GBM RESOURCES LIMITED

ABN 91 124 752 745

EXPLANATORY STATEMENT

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

Based on the number of Shares on issue at the date of this Notice the Company has 557,894,121 Shares on issue and therefore, subject to Shareholder approval being sought under Agenda Item 5, 55,789,412 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based the formula set out in Listing Rule 7.1A at the time of issue of the Equity Securities. The table on the page below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

The resolution the subject of Agenda Item 5 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

Specific information required by Listing Rule 7.3A

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

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

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

The table shows:

- (i) examples of where variable "A" is at its current level, and where variable "A" has increased by 50% and by 100%;
- (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 14th October 2015 (current market price), where the issue price is halved, and where it is doubled; and
- (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

GBM RESOURCES LIMITED

ABN 91 124 752 745

EXPLANATORY STATEMENT

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

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.014 Issue Price at half the current market price	\$0.028 Issue Price at current market price	\$0.056 Issue Price at double the current market price
Current Variable A 557,894,121 Shares	Shares issued	55,789,412	55,789,412	55,789,412
	Funds raised	\$781,051	\$1,562,103	\$3,124,207
	Dilution	10%	10%	10%
50% increase in current Variable A 836,841,181 Shares	Shares issued	83,684,118	83,684,118	83,684,118
	Funds raised	\$1,171,577	\$2,343,155	\$4,686,310
	Dilution	10%	10%	10%
100% increase in current variable A 1,115,788,242 Shares	Shares issued	111,578,824	111,578,824	111,578,824
	Funds raised	\$1,562,103	\$3,124,207	\$6,248,414
	Dilution	10%	10%	10%

Note: this table assumes:

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

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

GBM RESOURCES LIMITED
ABN 91 124 752 745
EXPLANATORY STATEMENT

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

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

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

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

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

- (f) The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its 2013 Annual General Meeting, but did not obtain shareholder approval pursuant to Listing Rule 7.1A at its previous Annual General Meeting in 2014.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, and therefore no Shareholder will be excluded from voting on Agenda Item 5.

GBM RESOURCES LIMITED

ABN 91 124 752 745

EXPLANATORY STATEMENT

6. Ratification of Prior Issue of Equity Securities – Consideration Shares

General

Agenda Item 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 50,000,000 shares (Shares or Consideration Shares) as stated below.

On 13 April 2015 the Company issued 50,000,000 ordinary fully paid shares to Drummond Gold Limited for part consideration of the acquisition of 100% of the issued capital of Mt Coolon Gold Mines Pty Ltd.

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

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

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

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

Technical information required by ASX Listing Rule 7.4

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

- (a) 50,000,000 Consideration Shares were issued;
- (b) the Consideration Shares were issued for nil cash consideration at a deemed price of 2 cents per Share in part consideration for the acquisition of a 100% interest in the issued capital of Mt Coolon Gold Mines Pty Ltd.
- (c) the Consideration Shares issued were all issued on the same terms and conditions as the Company's existing ordinary shares (GBZ);
- (d) the Consideration Shares were allotted and issued to Drummond Gold Limited; and
- (e) No funds were raised from the issue of the Consideration Shares.

GBM RESOURCES LIMITED

ABN 91 124 752 745

EXPLANATORY STATEMENT

7. Ratification of Prior Issue of Equity Securities – Placement Shares

General

Agenda Item 7 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 22,700,000 shares (Shares or Placement Shares) as stated below.

On 13 April 2015 the Company issued 22,700,000 ordinary fully paid shares to unrelated parties of the Company, pursuant to a share placement announced to ASX on 10 April 2015.

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

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

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

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

Technical information required by ASX Listing Rule 7.4

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

- (a) 22,700,000 Placement Shares were issued;
- (b) the Placement Shares were issued for cash consideration of 2.5 cents per Share;
- (c) the Placement Shares issued were all issued on the same terms and conditions as the Company's existing ordinary shares (GBZ);
- (d) the Placement Shares were allotted and issued to professional and sophisticated investors that were not related parties of the Company;
- (e) The funds raised from the issue of the Placement Shares were used to support the acquisition of the 100% interest in the issued capital of Mt Coolon Gold Mines Pty Ltd and for working capital purposes.

EXPLANATORY STATEMENT

8. Approval of Issue of Performance Rights to Director – Mr Hun Seng Tan

Background

Mr Hun Seng Tan is a Non-Executive Director of the Company.

By Agenda Item 8, the Company seeks Shareholder approval pursuant to Listing Rule 10.14 to grant up to 3,600,000 Performance Rights to Mr Hun Seng Tan (or his nominee) (the Performance Rights) in accordance with the terms and conditions of the GBM Resources Performance Rights Plan. This Plan was approved by Shareholders at the Annual General Meeting held on 21 November 2013.

The Board has decided to grant these Performance Rights in recognition of Mr Tan's contribution to the ongoing success of the Company.

The Company's remuneration policy is to ensure remuneration is competitive in retaining and motivating key individuals. The granting of these Performance Rights will provide a long term incentive for continued performance and the opportunity for share ownership.

The proposed issue of Performance Rights seeks to further align Mr Tan's interests with those of Shareholders by linking his remuneration with the long term performance of the Company.

The key terms and conditions of the GBM Resources Performance Rights Plan are summarised in Schedule 1.

With respect to Performance Rights, each Performance Right represents a right to be issued a share at a future point in time subject to the satisfaction of any conditions relating to vesting, performance hurdles and/or exercise.

The key vesting conditions of the Performance Rights are as follows:

- 50% of the Performance Rights will vest upon grant and be available to exercise into ordinary fully paid shares immediately; and
- 50% of the Performance Rights will vest, and be available to exercise into ordinary fully paid shares, on the date 6 months from the date of grant, the vesting being dependent upon Mr Tan maintaining continuity of employment and pursuant to the terms and conditions of the GBM Resources Performance Rights Plan.

As detailed in Schedule 1, Incentives granted under the GBM Resources Performance Rights Plan automatically vest in the event of a change in control of the Company.

Effect on the Company

The grant of the Performance Rights to Mr Tan will have a diluting effect on the percentage interest of existing Shareholders' holdings. For instance, assuming all the Performance Rights are exercised, the Company's issued Shares would increase by 3,600,000 Shares to a total issued capital of 561,494,121 Shares¹ representing 0.64% of the then issued Shares in the Company.

There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights. No loan is provided by the Company to allow for exercise.

Australian International Financial Reporting Standards require the Performance Rights to be expensed in accordance with AASB 2 – Share Based Payments. The Performance Rights are expected to be expensed over the 1 year vesting period in which they are issued. Expensing the Performance Rights will have the effect of increasing both the expenses and the contributed equity of the Company. There will be no impact on the net assets or the cash position or financial resources of the Company as a result of expensing the Performance Rights.

There are no significant tax implications for the Company in issuing these Performance Rights.

¹ As at 14th October 2015 the issued capital of the Company comprised 557,894,121 ordinary fully paid Shares and 177,746,562 listed Options exercisable at 3.5 cents each and expiring 30 June 2016.

GBM RESOURCES LIMITED

ABN 91 124 752 745

EXPLANATORY STATEMENT**7. Approval of Issue of Performance Rights to Director – Mr Hun Seng Tan (continued)****Key terms of the Performance Rights*****Requirement for Shareholder approval***

Approval for the grant of the Performance Rights is sought for the purposes of ASX Listing Rule 10.14 and for all other purposes. Listing Rule 10.14 provides that the Company must not issue equity securities (including Performance Rights) under an employee incentive scheme to a Director of the Company without Shareholder approval.

Chapter 2E of the Corporations Act also requires shareholder approval where a public company seeks to give a "financial benefit" to a "related party" (unless an exception applies). A "related party" for the purposes of the Corporations Act is defined widely. It includes a director of a public company and specified members of the director's family. It also includes an entity over which a director maintains control. Directors such as Mr Tan are considered to be a related party within the meaning of the Corporations Act, and the Performance Rights will constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act.

An exception to the requirement to obtain shareholder approval in accordance with Chapter 2E applies where the financial benefit constitutes part of the related party's "reasonable remuneration". The Board (other than Mr Tan who was not able to make a recommendation due to his interest in the issue of the Performance Rights), considers that the grant of Performance Rights to Mr Tan, and any issue of Shares upon the exercise of those Performance Rights, constitutes part of the reasonable remuneration of Mr Tan. In reaching this conclusion, the Board has had regard to a variety of factors including market practice and the remuneration offered to persons in comparable positions at comparable companies.

Additional information

For the purposes of Listing Rule 10.15, and for all other purposes, the following additional information is provided to Shareholders in respect of the proposed issue of Performance Rights.

Maximum number of securities to be issued	The maximum number of Performance Rights that may be issued under the GBM Resources Performance Rights Plan to Mr Tan is 3,600,000. Mr Tan is the only person referred to in Listing Rule 10.14 eligible to participate in the GBM Resources Performance Rights Plan. Any additional people referred to in Listing Rule 10.14 who become entitled to participate in the GBM Resources Performance Rights Plan will not do so until any Shareholder approval required under Listing Rule 10.14 is obtained.
Terms of issue	The Performance Rights will be issued in accordance with the terms of the GBM Resources Performance Rights Plan (the terms of which are summarised in Schedule 1 to this Explanatory Statement). The key terms of the Performance Rights are outlined above.
Issue price	No consideration is payable at the time of grant of the Performance Rights or for the issues or transfer of Shares upon vesting of the Performance Rights.
Previous grants under the GBM Resources Performance Rights Plan	Mr Tan has never received a benefit pursuant to the GBM Resources Performance Rights Plan, or any other incentive scheme operated by the Company. No other director of the Company has received a benefit pursuant to the GBM Resources Performance Rights Plan, or any other incentive scheme operated by the Company.
Vesting	Subject to the Board's discretion, if the vesting conditions attached to the Performance Rights are satisfied, the Performance Rights will vest and may be exercised by the holder into Shares.
Ranking of Shares	Shares allocated to Mr Tan upon exercise of the Performance Rights will rank equally with other Shares on issue.

GBM RESOURCES LIMITED
ABN 91 124 752 745

EXPLANATORY STATEMENT

7. Approval of Issue of Performance Rights to Director – Mr Hun Seng Tan (continued)

Additional information (continued)

No funds raised	No funds are raised through the grant of the Performance Rights or on the exercise and conversion of the Performance Rights to Shares.
Loans	No loans have or will be made by the Company in connection with the Performance Rights proposed to be granted to Mr Tan.
Date of issue of Performance Rights	The Performance Rights proposed to be granted to Mr Tan will be granted no later than 12 months after the date of the Meeting.
Details of securities held	The following securities are held by Mr Tan (or his nominees): - 16,000,000 ordinary fully paid shares.
Details of Non-Executive Director Remuneration	Mr Tan received the following remuneration from commencement of office with the Company on 15 April 2015 to 30 June 2015: Gross Salary - \$16,000; Superannuation - \$nil; Value of Incentives - \$nil.

Directors' recommendation

The Board of GBM Resources Limited (with the exception of Mr Tan) recommend that Shareholders vote in favour of the resolution attaching to Agenda Item 8.

Mr Tan declines to make a recommendation to Shareholders in relation to this resolution given his interest in the outcome of the resolution.

EXPLANATORY STATEMENT

SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN

The following is a summary of the key terms and conditions of the Plan in respect of the proposed issue of Performance Rights to a Director of the Company in Agenda Item 8:

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

GBM RESOURCES LIMITED

ABN 91 124 752 745

EXPLANATORY STATEMENT

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

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

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