



ASX/ MEDIA RELEASE

03/05/ 2012

GBM agrees refinancing arrangements

Highlights of this announcement :

- Letter of intent signed with International resources and mining company to provide \$1.75m as a convertible loan plus, subject to due diligence and all required approvals, a further A\$5.5m as equity.
- Separately private placements of shares to a number of sophisticated investors being completed this week, with \$300,000 committed and total of \$500,000 - \$750,000 expected

Details

GBM is pleased to announce that it has signed a letter of intent with International resources and mining company Sterlington Resources Ltd for provision of a substantial funding package.

Under the agreement, which is subject to all relevant regulatory or shareholder approvals, Sterlington is to provide :

- A\$1.75m as a convertible loan on the following terms :
 - coupon of 4%, with interest payable after 6 months
 - facility is for 6 months, subject to right of extension by GBM for a further 6 months.
 - Sterlington right to convert the entire debt at 1.2c per share to 145,833,333 ordinary fully paid shares, thereby extinguishing the loan
 - First funds from the facility to arrive within 2 business days, with the total within 30 business days of the execution of relevant security documentation, which documentation is expected to be ready for execution this week.
- Subject to due diligence a further A\$5.5m to be provided as a direct equity investment at 1.2c per share. Assuming this occurs it will deliver Sterlington a further 458,333,333 shares.
- Upon making of the investment and conversion of the loan Sterlington to have the right to appoint at least 51% of the board members

“Sterlington becoming involved with GBM is tremendous news for us” said Executive Chairman Ian Smith “We have been in discussions with Sterlington for some time, and with their involvement GBM now has the real opportunity to both grow its existing operations in Central Victoria as well as to grow

For personal use only

as an international gold Resource and mining company. The availability of their expertise in Resource development, design and provision of plant & equipment and capital markets is a huge advantage to GBM”

“We are very pleased to build our discussions with GBM into active involvement” said Sterlington Resources President & CEO Ehud Amir. “We look forward to growing operations in Australia, in addition to our gold and other minerals joint ventures and resources in the Americas and Africa.”

Separately to the Sterlington agreement, GBM has been seeking to place shares under its existing board discretion. Application for 25 million shares at 1.2c for A\$300,000 has been received and further applications are expected this week for an additional \$200,000 to \$450,000. The market will be advised of exact placement numbers in due course.

ENDS

About GBM Gold Ltd (ASX: GBM)

GBM Gold Ltd (GBM) is focused on becoming a strong gold production company – initially from building a solid gold production base in Central Victoria, Australia from its 2 processing sites at Inglewood and Avoca and their surrounding Resource projects.

Within each of the numerous Resource projects surrounding the 2 processing sites are one or more granted tenements, each containing a number of well defined Resource blocks and/or Exploration Targets. The various Resource projects are at a mix of development stages, from production through to later or earlier analysis, exploration or development phases.

GBM has highly experienced teams focused on the requirements of its processing sites and mining operations, a centralised geology team with strong background in the Central Victoria style of mineralisation as well as Bendigo based management, finance and administration personnel.

GBM is also aiming to and focused on acquiring a few select international gold assets in due course.

For more information please visit the Company website: www.gbmgold.com.au