



ASX/ MEDIA RELEASE

1/10/2012

GBM announces significant transaction and associated Capital Raising

GBM Gold Ltd (GBM) announces that it has signed a second agreement with Panama based Wiltshire Asset Management (Wiltshire), whereby Wiltshire is to inject A\$9million dollars in 3 tranches in to GBM subsidiary Inglewood Gold Mining Company Pty Ltd (INGMCo)

“Having contracted to purchase our ISG subsidiary with its Beavis project in August, Wiltshire have decided to expand their investment in this region by agreeing to invest A\$9m - and potentially up to A\$10m - in to what is at present GBM’s 100% owned INGMCo subsidiary” said Executive Chairman Ian Smith. “Having Wiltshire agree to become the majority stakeholder in INGMCo, subject all required approvals, will greatly assist in development and mining of the Inglewood goldfield’s resource base. Whilst upon full implementation GBM moves to a minority investment position in INGMCo – the GBM board decided that it was better to have a smaller stake in a well capitalised subsidiary than total ownership but inability to secure the appropriate funding to fully develop the operation.”

Details are as follows :

- Wiltshire to deliver A\$9m to INGMCo in 3 tranches
 - a first tranche of A\$1m – which INGMCo is to pay to GBM as part repayment of secured shareholder advances GBM presently has to INGMCo
 - a second tranche of A\$4m to be applied by INGMCo to payment of outstanding creditors and other liabilities.
 - a third tranche of A\$4m (and potentially up to A\$5m) to be supplied to INGMCO as cash or cash equivalent or by provision of equipment or investment in equipment to further develop the operation at Inglewood.
- Pending conversion of the funds provided under each tranche to shares in INGMCo, which conversion may require GBM shareholder approval or other approvals, the funds provided by Wiltshire are to be secured by a first ranking charge over INGMCo. No interest shall apply, with the security being solely to protect Wiltshire from any adverse outcome such as non-approval.
- Timing of delivery of funds under these tranches to be :
 - Tranche 1 – 3 business days after confirmation that the securities have been put in place
 - Tranche 2 – under a schedule that meets the repayment schedule set out by GBM of creditors and other liabilities of INGMCo

- Tranche 3 – within 30 days of a technical report being issued to INGMCo, with the objective that this third tranche is to be completed by 31 March 2013.
- All parties have agreed to contribute their maximal efforts not to create any delay in the above timing schedules.
- Upon the first tranche being received by INGMCo :
 - INGMCo is to pay this sum to GBM
 - GBM is then to capitalise the balance of its secured advances to INGMCo in to fully paid INGMCo ordinary shares;
 - GBM is then to release its security charge over INGMCo; and
 - contemporaneously GBM is to arrange for INGMCo to grant Wiltshire a first ranking security over the assets and undertakings of the company.
 - Subject to any and all required approvals, INGMCo is then to issue Wiltshire shares representing 20% of its paid up capital for this A\$1m
- Upon the second tranche of A\$4m being provided by Wiltshire to INGMCo, INGMCo is, subject to any required approvals, to issue shares to represent 50% of its diluted capital to Wiltshire
- Upon the third tranche of A\$4m being provided by Wiltshire to INGMCo, INGMCo is, subject to any required approvals, to issue shares to represent 80% of its then diluted capital to Wiltshire
- If there is a delay in payment of any of the above tranches, Wiltshire is to pay any actual costs or penalties incurred by GBM or INGMCo due to the delay
- In the event Wiltshire fails to meet the payment of a full amount of any tranche within the required timeframe then :
 - it retains the shares issued under any previous tranche
 - unless the parties agree to some other arrangement such as a partial transfer of shares and settlement, Wiltshire shall forfeit payments in respect of the tranche not paid within the required timeframe
 - and the agreement shall be at an end
- In the event that Wiltshire is required to provide a further A\$1m, bringing its total investment to A\$10m, then at GBM's discretion INGMCo shall either :
 - Pay interest on this extra A\$1m at the rate of 12%pa, with interest either capitalised or paid monthly for 12 months – and at the end of that 12 months repay the principal and any interest; or (at GBM discretion)
 - arrange for INGMCo to issue shares, subject any required approvals , such that the total A\$10m Wiltshire investment represents 90% of the paid up capital of INGMCo
 - In the event that INGMCo cannot repay the principal and interest then it shall be obliged to seek approvals to issue the extra shares

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About GBM Gold Ltd (ASX: GBM)

GBM Gold Ltd (GBM) is focused on becoming a strong gold production company, with a growing focus on surface accessed production.

The initial focus has been on building a solid gold production base in Central Victoria, Australia from its various Resource projects in the region. Within each of its Resource projects 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 operations, a centralised geology team as well as Bendigo based management, finance and administration personnel.

GBM is also focused on acquiring a few select international gold assets to provide strong resource and revenue growth in future.

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

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