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Notice of Extraordinary General Meeting and Explanatory Statement

The Extraordinary General Meeting of

GBM GOLD LTD

ABN 59 119 956 624

will be held at

12:00pm on Thursday, 27 October 2011

at

2H Thistle Street
Bendigo
Victoria, 3555

This Notice of Extraordinary General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

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ACTION REQUIRED BY SHAREHOLDERS

Step 1

Read the notice of Extraordinary General Meeting and the explanatory statement. The explanatory statement sets out details in relation to the resolutions. This information is important.

Step 2:

Vote on the resolutions. Your vote is important. You may cast your vote by:

attending and voting at the meeting to be held at 2H Thistle Street, Bendigo, Victoria 3550 on Thursday, 27 October 2011 commencing at 12.00 pm (AEDT); or

completing and returning the enclosed proxy form so as to be received by the Company at its registered office by 12.00 pm (AEDT) on Tuesday 25 October 2011.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of Shareholders of GBM Gold Ltd ("Company") will be held at 2H Thistle Street, Bendigo, Victoria 3555 on Thursday 27 October 2011 commencing at 12.00 pm (AEDT). The Explanatory Statement which accompanies and forms part of this Notice of Extraordinary General Meeting describes the various matters to be considered.

BUSINESS

Resolution 1 – Approval and Ratification of issue of Shares

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

"That, for the purpose of ASX Listing Rule 7.4, and all other purposes, ratification and approval is given for the issue of 51,000,000 Shares to Silver Bright Investments Limited (a B.V.I. Company) at an issue price of \$0.0225 per Share."

Resolution 2 – Approval of Issue of Shares to Exempt Persons

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

"That, for the purpose of ASX Listing Rule 7.1, and all other purposes, approval is given for the issue and allotment of up to 106,396,424 Shares at an issue price of no less than \$0.025 per Share to such Exempt Persons as may be identified by United Bright or otherwise by the Board (subject to any necessary and applicable shareholder or regulatory approvals required) on the terms and conditions set out in the Explanatory Statement".

Voting Exclusion Statement

For the purposes of:

- 1 **Resolution 1** (ASX Listing Rule 7.5) the Company will disregard any votes cast on this resolution by or on behalf of United Bright and any associate of United Bright.
- 2 **Resolution 2** (ASX Listing Rule 7.3) the Company will disregard any votes cast on this resolution by or on behalf of United Bright and any associate of United Bright and by a person who may participate in the proposed issue and any person who might obtain a benefit in respect of the proposed issue (except a benefit solely in the capacity as a holder of ordinary securities) and any of their associates.

The Company, however, need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairperson of 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.

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Accompanying Explanatory Statement

The Explanatory Statement accompanying this Notice of Extraordinary General Meeting is incorporated in and forms part of this Notice of Extraordinary General Meeting.

Shareholders are referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice of Extraordinary General Meeting and Explanatory Statement.

Voting by Proxy

- (a) Right to appoint - Each shareholder has the right to appoint a proxy to attend and vote for the shareholder at this meeting.
- (b) Two proxies - To enable a shareholder to divide their voting rights a shareholder may appoint two proxies. Where two proxies are appointed:
 - i) a separate Proxy Form should be used to appoint each proxy, and
 - ii) the Proxy Form may specify the proportion, or the number of votes that the proxy may exercise, and if it does not do so the proxy may exercise half of the votes.
- (c) Who may be a proxy - A shareholder can appoint any other individual or body corporate to be their proxy. A proxy need not be a shareholder of the Company. The proxy appointed can be described in the Proxy Form by an office held, for example, 'the Chair of the Meeting'.
- (d) Signatures of individuals - In the case of shareholders who are individuals, the Proxy Form must be signed:
 - i) if the shares are held by one individual, by that shareholder, or
 - ii) if the shares are held in joint names, by any one of them.
- (e) Signatures on behalf of companies - in the case of shareholders who are companies, the Proxy Form must be signed:
 - i) if it has a sole director who is also sole company secretary, by that director (and stating that fact next to, or under, the signature on the Proxy Form), or
 - ii) in the case of any other company, by either two directors or a director and company secretary.

The use of the common seal of the company, in addition to those required signatures, is optional.
- (f) Other authorised person - If the person signing the Proxy Form is doing so under power of attorney, or is an officer of a company outside of (e) above but authorised to sign the Proxy Form, the power of attorney or other authorisation (or a certified copy of it), as well as the Proxy Form, must be received by the Company by the times and date at the place in (g) below.
- (g) Lodgement place and deadline - A Proxy Form accompanies this notice. To be effective, Proxy Forms (duly completed and signed) must be received by the Company, not later than 12.00 pm 25 October 2011. Proxies may be lodged:
 - by hand to GBM Gold Ltd, 2H Thistle Street, Bendigo, 3550, or
 - i) by post to GBM Gold Ltd, PO Box 2709, Bendigo, Victoria, 3552, or
 - ii) by facsimile to +613 5444 0036, together with a business hours telephone number.
- (h) A Proxy Form accompanies and forms part of this Notice of General Meeting.

“Snap-shot” Time

The Directors have determined that all Shares that are quoted on ASX at 7.00pm AEDT on 26 October 2011 shall, for the purposes of determining voting entitlements at the Extraordinary General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An Appointment of Corporate Representative form is enclosed if required.

By Order of the Board of Directors

Ian Smith

Chairman of the Board

GBM Gold Ltd

26 September 2011

EXPLANATORY STATEMENT

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Extraordinary General Meeting. This Explanatory Statement should be read in conjunction with the Notice of Extraordinary General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

Introduction

As part of the Company's fundraising initiatives designed to assist the Company advance the production of gold at Maxwells Mine and Mill at the Company's Inglewood site the Company wishes to refresh its capacity to issue Shares and to seek Shareholder approval for further issues of Shares to Exempt Persons on the terms and conditions of this Notice.

Resolution 1

An integral part of the fundraising initiatives of the Company is the relationship with United Bright Investments Limited (a B.V.I. company) ("United Bright") which provided funding for the Company in early 2011. \$2.5 million of the capital plus interest of this funding was converted into Shares and Bonus Options and allocated to various parties in accordance with the Funding Agreements between United Bright and the Company (as announced to the ASX on 8 August 2011).

At this time the Company also issued 51,000,000 Shares at an issue price of \$0.0225 (2.25 cents) per Share to Silver Bright Investments Limited (a B.V.I. company) ("Silver Bright"). These Shares were issued under the Board's general discretion to issue Shares in accordance with ASX Listing Rule 7.1. The Company seeks approval for the issue of these Shares.

ASX Listing Rule 7.1

Under ASX Listing Rule 7.1, the prior approval of Shareholders was not required to issue the shares because those shares, when aggregated with the securities issued in the previous 12 months (other than the securities issued with Shareholder approval), did not exceed 15% of the number of shares on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 provides that where a company in general meeting subsequently approves a previous issue of securities (and provided 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.

Ratification and approval is now sought for the issue of the shares to the sophisticated and professional investors pursuant to ASX Listing Rule 7.4 in order to reinstate the Company's capacity to issue up to 15% of its issued capital to enable the Company to consider additional funding initiatives over the next 12 months consistent with the provisions of ASX Listing Rule 7.1 and the Corporations Act.

ASX Listing Rule 7.5 sets out a number of matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.4. For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to the placement and this Resolution:

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- 51,000,000 Shares were issued and allotted.
- The Shares were issued at an issue price of \$0.025 per Share.
- The Shares rank equally with existing shares on issue.
- The Shares were issued to Silver Bright Investments Limited.
- The funds raised by the issue were used predominantly to advance the Inglewood project to production of gold at the Maxwell Mine and Mill at the Inglewood Site.
- A voting exclusion statement is included in the Notice.

The members of the Board unanimously recommend the ratification and approval of the issue and allotment and recommend that Shareholders vote in favour of Resolution 1.

Resolution 2 Approval of Issue of Shares and to Exempt Persons

As part of the Company's fundraising initiatives designed to assist the Company to advance gold production at the Maxwell Mine and Mill at the Company's Inglewood site, the Company is party to three Funding Agreements with United Bright.

Under each Funding Agreement United Bright was granted the exclusive right to develop funding opportunities for the Company for a period of two months ("Exclusivity Period"). During the Exclusivity Period:

- The Company is restricted from soliciting or engaging in any negotiations in respect of equity funding and must obtain the written consent of United Bright for all and any asset disposal or acquisition in excess of A\$50,000 with such approval not being unreasonably withheld.
- If equity funding is sought, United Bright has the first right to participate or arrange funding sources on equal or better terms.
- United Bright has the right to carry out technical, financial and operational due diligence enquiries on the Company.
- The Company has the right to approach its existing Lenders to try to achieve a new funding line to replace the 1st and 2nd ranking charges over the Company.

The Exclusivity Period began on the date of the drawdown of the Loan Amount on 31 March 2011 and was extended to 15 September 2011 by agreement between the parties. The Exclusivity Period has been extended for a further period of six months because United Bright has exercised its right to convert under the Funding Agreements.

As a part of the equity funding opportunity offered by the Exclusivity Period with United Bright, the Company seeks to place up to 106,396,496 Shares at an issue price of no less than \$0.25 per Share to:

- Exempt Persons identified by United Bright; or
- to allow a general placement if United Bright does not choose to develop the funding opportunities in accordance with its Exclusivity Period.

The Board is conscious of the takeovers laws and, in particular, the prohibition against any person acquiring a relevant interest in Shares in the Company if the transaction would result in the person's (or someone else's) voting power in the Company increasing from 20% or below to more than 20% or from a starting point that is above 20% and below 90% (except by certain exempted means, such as with shareholder approval in accordance with the takeover laws). The Board has determined that no placements to investors pursuant to the proposed Resolution 2 shall be made to any person which would require the approval of

Shareholders pursuant to the takeover or related party provisions of the Corporations Act, the Listing Rules, or any other provision. In the event that the Board identifies an investor seeking to be issued Shares that would otherwise contravene the Corporations Act or Listing Rules, the Board will seek to obtain the further approval of Shareholders at that time as necessary.

ASX Listing Rule 7.1

Listing Rule 7.1 prohibits the Company issuing securities (including options to acquire shares) in excess of 15% of its issued capital within period of 12 months without Shareholder approval. The proposed issue of Shares to Exempt Persons as contemplated above would result in the Company exceeding the 15% limit and, accordingly, the Company seeks Shareholder approval pursuant to Listing Rule 7.1.

Listing Rule 7.3 sets out a number of matters which must be included in a notice of meeting seeking approval under Listing Rule 7.1. For the purposes of Listing Rule 7.3, the following information is provided in relation to the issue of shares under Resolution 4:-

- Up to 106,396,424 Shares may be issued and allotted.
- The minimum price at which the shares are to be issued is no less than \$0.025 per Share.
- The Shares rank equally with existing Shares.
- The Shares are to be issued to Exempt Persons. Allottees are to be identified by United Bright (and may include United Bright) or will otherwise be determined by the Board.
- The funds raised by the issue are to be used predominantly to advance the production of gold at the Maxwell Mine and Mill at the Inglewood Site and to provide working capital for the Company.
- The shares are to be issued and allotted on or before 3 months from the date of this meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).
- A voting exclusion statement is included in this Notice.

The Board may all participate in the proposed issue and accordingly give no recommendation in respect of this Resolution.

Glossary

AEDT means Australian Eastern Daylight Time, Co-ordinated Universal Time ("UTC") Time (GMT+11)

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691).

Board means the board of Directors.

Bonus Options mean an option to acquire an ordinary fully paid share in the capital of the Company at an exercise price of \$0.05 on or before of 31 March 2012 and otherwise on the terms and conditions set out in this Notice.

Business Day means a trading day on the financial market operated by ASX.

Constitution means the constitution of the Company.

Company means GBM Gold Ltd (ACN 119 956 624).

Corporations Act means Corporations Act 2001 (Cth).

Directors mean directors of the Company.

Exempt Persons means persons to whom offers are exempt from disclosure requirements under the Corporations Act because of section 708 of the Corporations Act or because the offers are not received in Australia. Exempt Persons include Sophisticated, Professional and Institutional Investors.

Explanatory Statement means this explanatory statement.

Listing Rules means the Listing Rules of ASX Limited.

Funding Agreement means the funding agreements between the Company and United Bright Investments Limited (B.V.I.).

Notice means the Notice of Extraordinary General Meeting accompanying this Explanatory Statement.

Resolution means a resolution contained in the Notice.

Resource has the same meaning as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

Share means an ordinary fully paid share in the capital of the Company.

Shareholder or **member** means a registered member of the Company.

Sophisticated, Professional and Institutional Investors means persons to whom disclosure is not required under the Corporations Act.

United Bright means United Bright Investments Limited of PO Box 957, Road Town, Tortola, British Virgin Islands, a company incorporated under the laws of British Virgin Islands (B.V.I.).

Silver Bright means Silver Bright Investments Limited of PO Box 3321 Road, Town, Tortola, British Virgin Islands, a company incorporated under the laws of the British Virgin Islands (B.V.I.)

GBM GOLD LTD

ACN 119 956 624, 2H Thistle Street, Bendigo, Victoria, 3550.

EXTRAORDINARY GENERAL MEETING

To be held at the 2H Thistle Street, Bendigo, Victoria 3550 at 12:00pm on 27 October 2011.

 Please read under 'VOTING BY PROXY', at the end of the Notice of Extraordinary General Meeting, as to completion and lodgement of this Proxy Form.

I/We
of
being a Member of GBM Gold Ltd ACN 119 956 624 (Company) hereby appoint
..... of
..... as my/our proxy or
failing him or her the chairman of the general meeting of the Company to be held on 27
October 2011 at 2H Thistle Street, Bendigo Victoria 3550 to vote for me/us at the meeting
and at any adjournment of it.

If you wish to appoint two proxies state here the percentage or number of your voting rights applicable to this form:
percent or number of shares

Tick the appropriate box to indicate your voting instructions.

Resolution	For	Against	Abstain
1. Resolution 1 – Approval and Ratification of issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Resolution 2 - Approval of Issue of Shares to Exempt Persons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I/We understand that if I/we have not directed my/our proxy how to vote, my/our proxy may vote or abstain from voting as he or she thinks fit. The Chairman of the Meeting intends to vote undirected proxies **in favour** of each item of business.

Important Information in respect of Resolution 2

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy in respect of a resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of Resolution 2 and that votes cast by the Chairman of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and have not directed your proxy how to vote, the Chairman will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

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DATED

If the shareholder is an individual:

Signature

If the shareholder is a company:
Affix common seal (if required by Constitution)

Director/Sole Director and Secretary

Director/Secretary

Print name

Print name

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Appointment of Corporate Representative
Section 250D of the Corporations Act 2001

Shareholder Details

This is to certify that by a resolution of the directors of:

..... (Shareholder Company),
[insert name of shareholder company]

the Shareholder Company has appointed:

.....,
[insert name of corporate representative]

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that company at the meeting of the members of GBM Gold Ltd to be held on Thursday, 27 October 2011, and at any adjournments of that meeting.

DATED 2011

Please sign here

Executed by the Shareholder Company
in accordance with its constituent documents

)
)
.....

Signed by authorised representative

.....
Name of authorised representative (print)

.....
Position of authorised representative (print)

)
)
.....

Signed by authorised representative

.....
Name of authorised representative (print)

.....
Position of authorised representative (print)

Instructions for Completion

1. Insert name of appointor Shareholder Company and the name or position of the appointee (eg "John Smith" or "each director of the Shareholder Company").
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
3. Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
4. Insert the date of execution where indicated.
5. Send or deliver the Certificate to GBM Gold Ltd's registered office at 2H Thistle Street, Bendigo, Victoria, 3550, or fax the Certificate to the registered office at +61 3 5444 0036 or bring it to the Extraordinary General Meeting.