

21 October 2014

## Very large scale Graphite potential at Sevastopol Prospect, Cloncurry, Queensland

### HIGHLIGHTS:

- **Very large scale, potential graphitic shale deposit defined from historic base-metal drilling and reprocessed Induced Potential (IP) geophysical data.**
- **The area holds further potential at depth and at least one other nearby graphitic shale target within GBM tenements**
- **Recent confirmation of grade potential through aircore drilling and historic drill, product grade range of 4.2-18.7 % TGC and average grade of 8.3 % TGC**
- **Graphitic shale unit at surface or under shallow cover**
- **Close proximity to Ernest Henry Mine and regional centre of Cloncurry and has all infrastructure in place**

Australian resources company **GBM Resources Limited** (ASX: **GBZ**) ("**GBM**" or "**the Company**") is pleased to advise the recent definition of a very large graphitic shale deposit at its wholly-owned Mount Margaret project. The Sevastopol target is located within EPM16398 tenement and within four kilometres of the Ernest Henry mine, near Cloncurry in Queensland.

Reprocessing of historic IP geophysical data and analysis of historic drilling downhole data enabled the identification of a very large unit of graphitic shale extending to significant depth within the basement Proterozoic Corella Volcanics Sequence.

The graphitic shale unit is at or near surface in the eastern portion of the Sevastopol target area and the top of basement dips shallowly to the west beneath a thin veneer of Palaeozoic cover sediments.

The IP inversions and downhole logging data indicates a shallow to moderate west dipping graphitic shale unit.

A total of 20 of the 36 (55%) historic and GBM drillholes that intersected Proterozoic basement within proximity of the interpreted IP chargeability anomaly intersected graphitic shale. A further 5 holes are logged as schist or biotite schist, a lithology that elsewhere in the world can contain appreciable amounts of coarse flake graphite. Many of the holes that did not intersect graphitic shale were terminated above the IP anomaly in section view. Some intercalation of non-graphitic basement rock units is indicated from drill logs and surface exposure, however analysis of the geophysical and drilling data suggests that approximately 55-80% of the IP chargeability anomaly volume is graphitic shale. The deepest hole within the IP anomaly (SEVS016D) bottomed in graphitic shale at 345.2m downhole highlighting the significant depth and tonnage potential of the Sevastopol target.

ASX Code: GBZ

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Recent laboratory analysis of historic RC and diamond drill product and GBM aircore drill chip samples returned consistent high-grade total graphitic carbon. TGC assays from across the target and from surface to almost 300m downhole depth. GBM have collected and analysed 34 drill samples which have an arithmetic average of 8.3%TGC with a standard deviation of 2.9%TGC. Individual values range from a high of 18.7%TGC to a low of 4.2%TGC. Whilst these drill samples are from two closely spaced holes, a further 21 specimens from remaining washed drill cuttings were also sampled, and although these cannot be considered representative, they did return analytical values for graphite in a similar range, providing evidence that graphite occurs widely throughout the area of the IP anomaly, and possibly in a similar grade range, (refer ASX announcement 22 September 2014)

The company has initial petrographic data that confirms the presence of fine flake graphite and amorphous graphite. This data is limited in quantity and cannot be considered representative of the prospect area as a whole. The Mount Isa inlier consists of a sequence of Proterozoic rocks which are over 1,500 million years old, and have been subjected to repeated periods of deformation and metamorphism. This long geologic history is considered by GBM to be favourable for the formation of crystalline graphite.

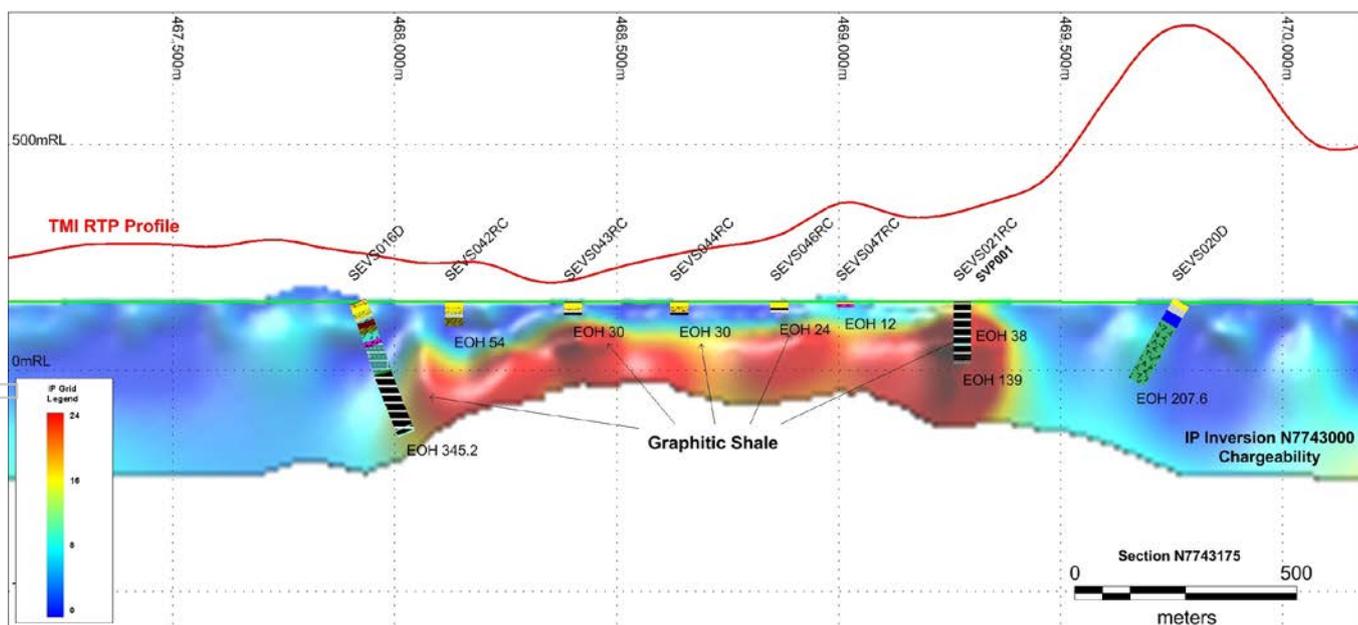
**Future work**

Further exploration will include a programme of shallow RC or aircore drilling to provide more confirmation of the grade and nature of graphite occurrence throughout the prospect area. From this initial drilling, holes will be selected for deepening and collection of core samples for further analyses and preliminary metallurgical testwork. The initial phase of this programme is expected to commence during the December quarter.

The Sevastopol and the nearby Rhea graphite targets are located within the established Cloncurry mining district in the Australian state of Queensland. Australia provides a stable political and investment climate and is a leader in mining technology and is known for professional and efficient mining operations throughout the world.

The Sevastopol Prospect is approximately 4 to 8 km from the Ernest Henry Cu-Au mine which is serviced by bitumen road access. In addition a major water supply pipeline and power supply line pass close to the prospect area. The nearby town of Cloncurry is a regional centre and is located on the railway to Townsville where significant port infrastructure exists.

Figures below show the surface expression of the IP chargeability anomaly in plan view, a cross-section of historic and GBM drilling with IP chargeability and resistivity inversions, and 3d screenshots of stacked IP inversions and the 3D volume.



**Figure 1:** Sevastopol graphite target drilling cross-section with historic IP chargeability 2D inversion model. Historic and GBM drilling (SVR001) coded for downhole lithology where graphitic shale is hashed black. Profile through TMI RTP magnetic grid also shown in red. Geological legend included with the prospect plan below.

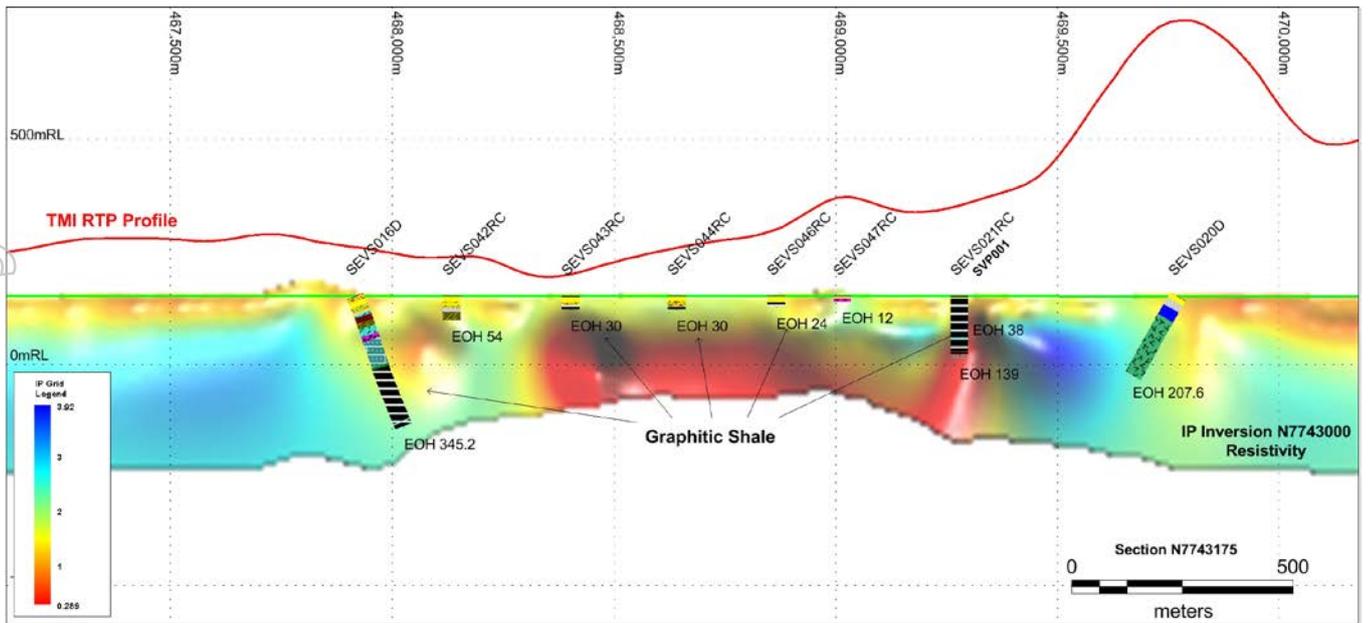


Figure 2: Sevastopol graphite target drilling cross-section with historic IP resistivity 2D inversion model. Geological legend included with the prospect plan below.

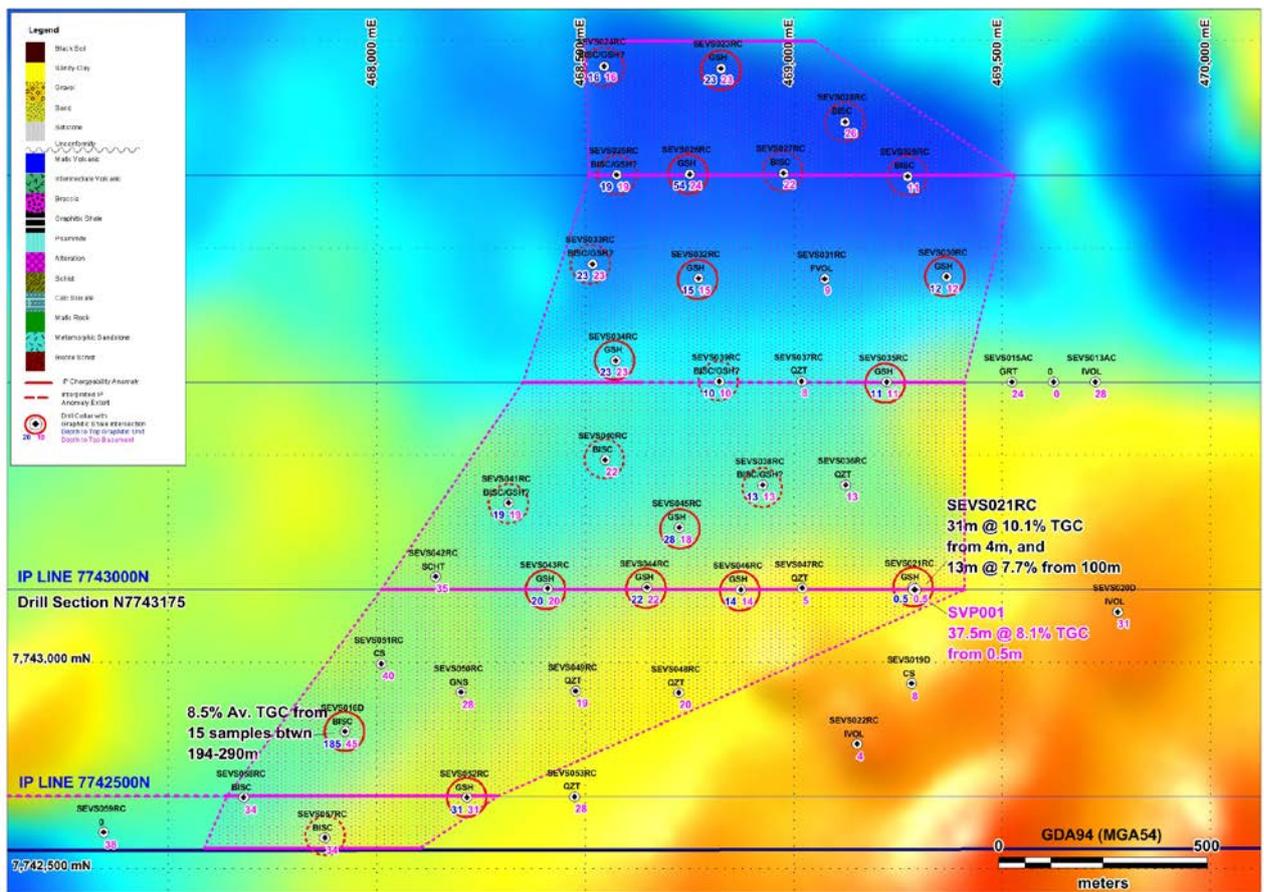


Figure 3: Sevastopol graphite target showing interpreted IP chargeability anomaly extent in plan view. All historic and GBM drill collars shown, circled red where hole intersected graphitic shale. TGC assay callouts from recent program.

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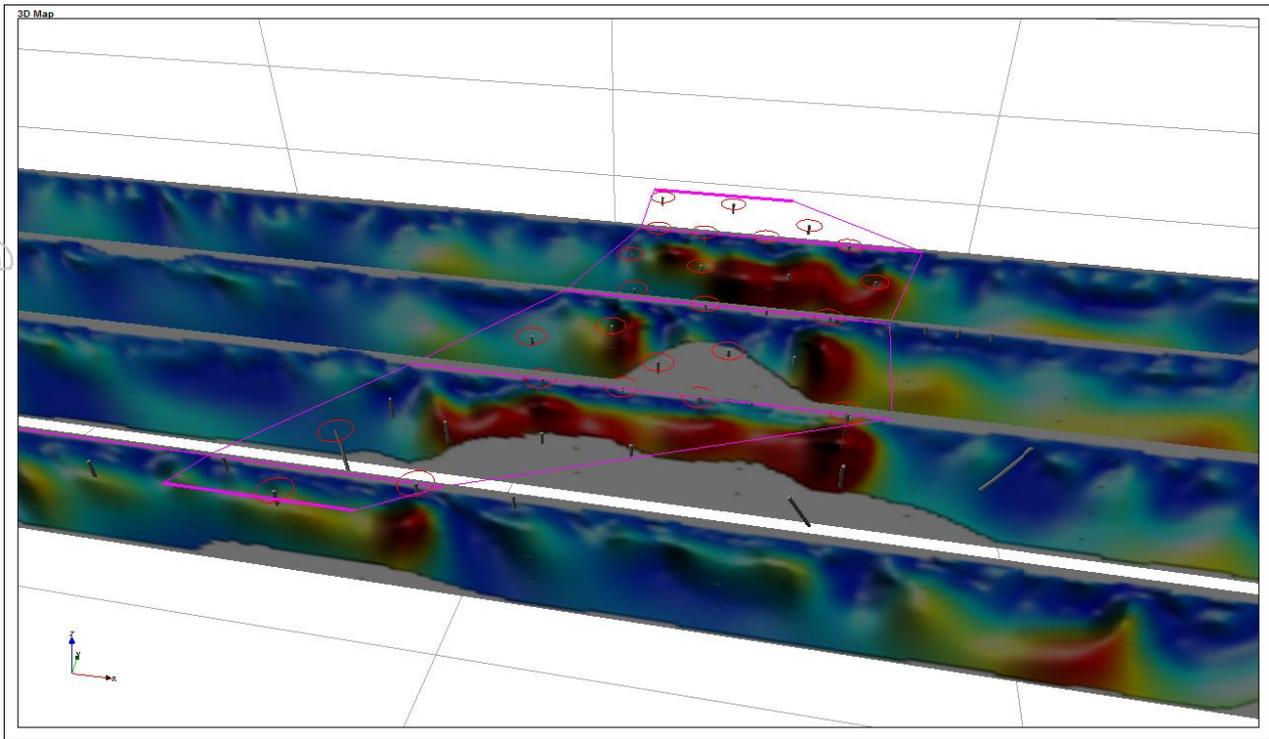


Figure 4: Sevastopol graphite prospect 3D snapshot showing IP chargeability inversion model sections, each section is 500 metres apart.

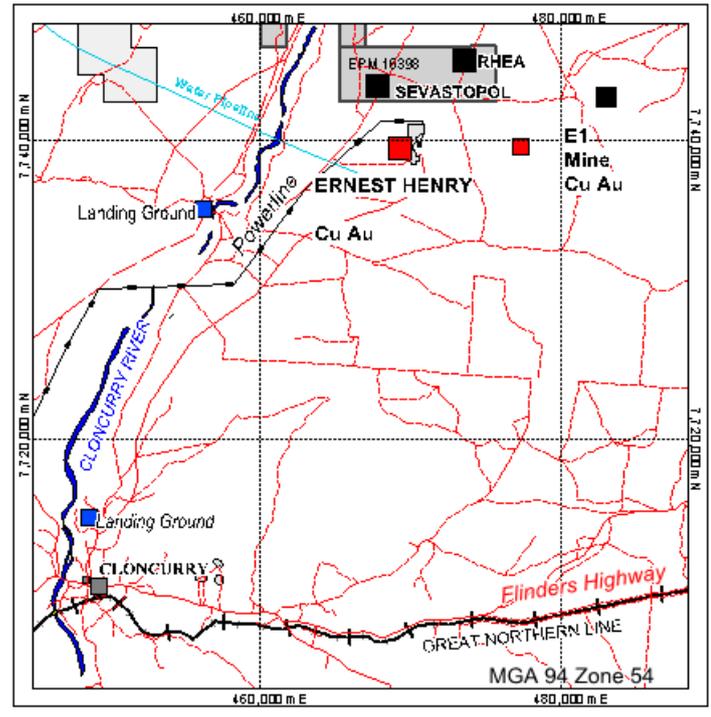


Figure 5: Sevastopol and Rhea prospect location plan. Proximity to operating mines and established infrastructure highlighted.

For further information please visit [www.gbmr.com.au](http://www.gbmr.com.au) or contact:

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*The information in this report that relates to Exploration Results is based on information compiled by Neil Norris, who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy. Mr Norris is a holder of shares and options in the company and is a full-time employee of the company. Mr Norris has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Norris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant ASX releases and the form and context of the announcement has not materially changed.*

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