

ASX Announcement

31 March 2017

**Termination of AUD\$ 10 Million Loan Agreement
and WCB Merger**

The Board of GBM Resources Limited ('GBM' or 'the Company') advises that the Company has entered into a Deed of Settlement, Termination and Release with National Federal Capital Ltd ('NFC') regarding the Loan Agreement announced to ASX on 18 October 2016.

The Loan Agreement was to provide a facility of up to AUD\$10 million for the development of the Mt Coolon Gold Project. To date, NFC has advanced AUD\$1.5million to GBM, received on 7 December 2016. The remaining balance of the total monies of AUD\$8.5million was scheduled to be settled by 31 March 2017.

The Company believes that there is no certainty that NFC is able to complete its obligations with further extensions to the Loan Agreement settlement date.

As a result, both parties have executed a Deed of Settlement, Termination and Release effective 31 March 2017.

Key terms are summarized below:

1. Loan funds received of AUD\$1.5million will be fully settled by the issue of 50 Million ordinary shares in the Company at a conversion price of \$0.03. The conversion price of 3 cents is a significant premium to the current market price.
2. Following the conversion of the outstanding amount into shares, each of the parties agrees and acknowledges that any claim it might or may have had against the other has been settled in full.

ASX Code: GBZ

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Managing Director/ Executive
Chairman

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Non-Executive Director

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WCB Resources Merger Transaction

As a consequence of the termination of the AUD\$10 Million Loan Agreement with NFC, the Company has not been able to meet its financing pre condition of securing the required debt funding of AUD\$8.5 Million by 31 March 2017, pursuant to the terms of the binding Heads of Agreement (HOA) with WCB Resources Limited (WCB) (refer ASX announcement 16 February 2017). As a result the binding HOA with WCB is now terminated.

The Company however, will continue to seek alternative funding and should the appropriate funding be sourced, WCB and GBM will consider re-opening merger discussions at that time.

The complementary nature of the two companies' projects creates a strong platform for both companies to benefit from a substantial uplift in value from a significant increase in combined gold resources at Misima and Mt Coolon.

The Company's key objective is to bring its gold assets into production and is encouraged by the current progress achieved to date at the Mt Coolon Gold Project. The Company remains confident that funding can be accessed that will enable GBM to realize that objective.

For further information please visit www.gbmr.com.au or contact:

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