

22 December 2017

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## GBM ACQUIRES THE TWIN HILL GOLD PROJECT in the DRUMMOND BASIN, QLD

### Highlights:

- Binding Heads of Agreement signed with Minjar Gold Pty Ltd<sup>1</sup> to acquire 100% interest in Twin Hills Gold Project proximate to GBM's Mt Coolon Gold Project.
- Acquisition cost is \$1.5m on a deferred settlement basis and the issue of 50m ordinary fully paid shares in the Company
- The acquisition further underwrites the development of the Mt Coolon Gold Project, potentially doubling its resource base and adding significant exploration potential.
- The Twin Hill Gold Project published inferred resource is estimated at 398,000 ounces<sup>2</sup>

Executive Chairman Mr Peter Thompson said "Clearly Minjar, as our partner have supported the development strategy for the Mt Coolon Gold Project with the combination of the recently announced non-binding Ore Sale Agreement and GBM acquiring Minjar's Twin Hills Gold Project with a deferred settlement timetable.

Inclusion of Twin Hills will potentially double the resource for the Mt Coolon Gold Project. Mt Coolon will become a processing hub and take the Twin Hill Gold Project from being a stranded gold asset to a potential additional satellite feed source for Mt Coolan.

The Company also believes that the acquisition of the Twin Hills Gold Project will open up additional funding and investment opportunities for the development of the Mt Coolon Gold Project.

ASX Code: GBZ

### COMPANY DIRECTORS

**Peter Thompson**  
Managing Director/ Executive Chairman

**Neil Norris**  
Exploration Director – Executive

**Hun Seng Tan**  
Non-Executive Director

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<sup>1</sup> Minjar Gold Pty Ltd is a mid-tier gold company producing 230,000 ounces annually from the Golden Dragon, Pajingo and the Southern Cross Operations. Minjar Gold Pty Ltd is a wholly owned subsidiary of Shandong Tyan Home Co Ltd, a listed company on the Shanghai stock Exchange

<sup>2</sup> Refer cautionary statement on 2004 JORC resource

Australian resources company **GBM Resources Limited** (ASX: GBZ) ("GBM" or "the Company") is pleased to announce the signing of a binding Heads Of Agreement ("HoA") with Minjar Gold Pty Ltd ("Minjar") whereby GBM will acquire a 100% interest in all of the Twin Hills Gold Project ("Twin Hills").

**Key terms of the HoA are summarized as follows:**

**1. Consideration**

Consideration payable by GBM to Minjar consists of:

- I. Payment of cash amount of \$1,500,000 and
- II. The issue and allotment of 50 million fully paid ordinary shares in the capital of GBM.

The 50 million fully paid ordinary shares in the capital of GBM will remain in escrow for a period of 12 months from date of executing the Sale and Purchase Agreement (**SPA**).

**2. Conditions Precedent**

Settlement of the acquisition is conditional upon GBM completing due diligence to its satisfaction to executing the SPA which is scheduled to be executed on or before 28 February 2018.

**3. Settlement Process**

Settlement is to take place as follows:

- I. Payment of \$150,000 completed on the signing of the SPA.
- II. The issue and allotment of 50 million fully paid ordinary shares in the capital of GBM on settlement dated 31 March 2018.
- III. Financial Assurance Bond estimated at \$991,000 to be exchanged on 31 March 2018.
- IV. Cash Consideration of \$350,000 paid on 30 June 2018.
- V. Cash Consideration of \$350,000 paid on 30 September 2018.
- VI. Final Cash Consideration of \$650,000 paid on 30 December 2018.

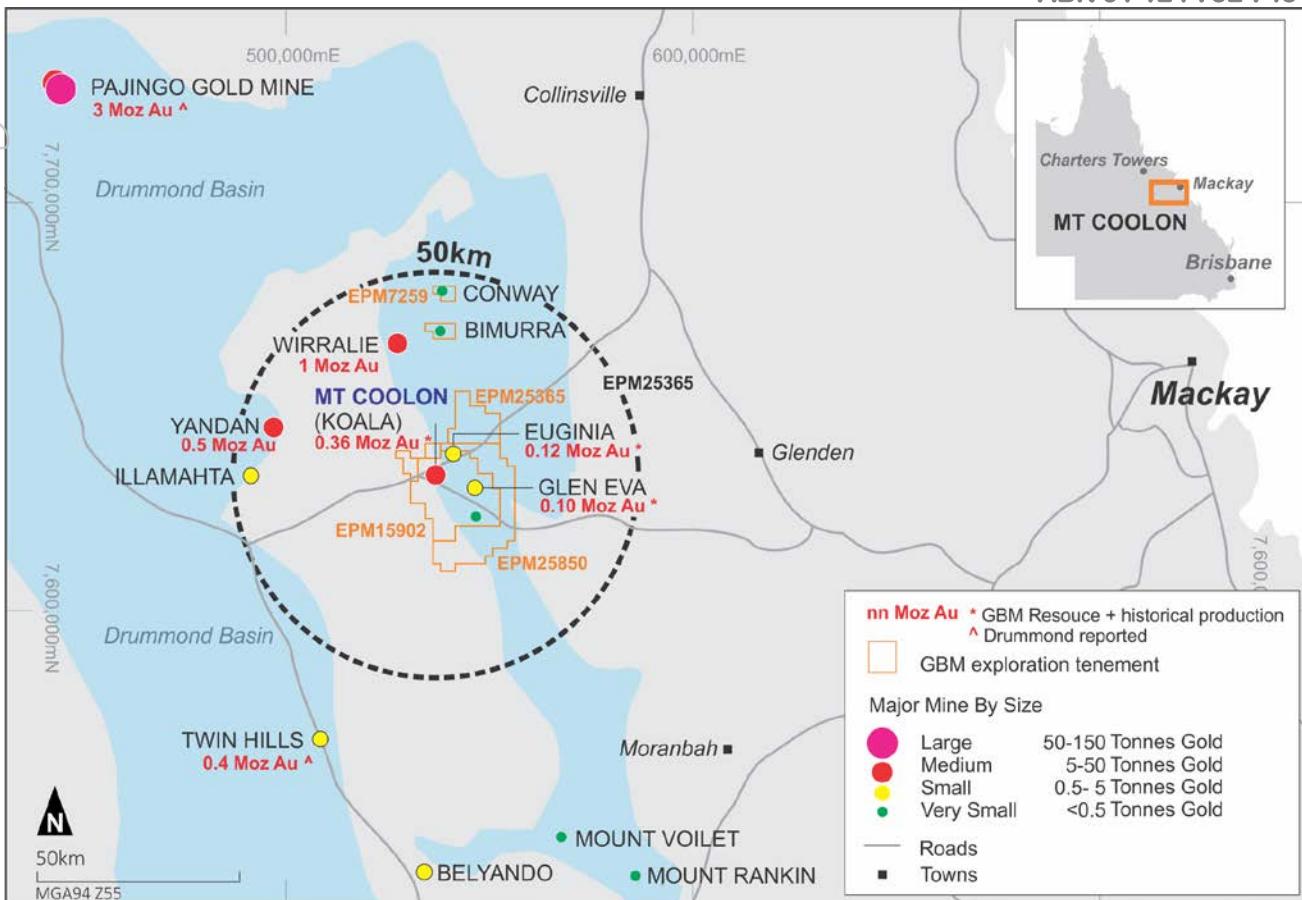


Figure 1: Mount Coolon Project Location plan showing the current GBM deposits and the nearby Twin Hills Gold Project. Known gold attributable to each deposit (past production plus resources) is shown.

### Twin Hills Gold Assets

The Project is located approximately 90km south west of Mt Coolon in Queensland in lies in Drummond Basin. The Drummond Basin is an established gold mining region with past production of more than 4.5 Mozs of gold. Deposit styles range from bonanza grade epithermal veins (eg. Pajingo 3.00 M ozs) to bulk tonnage intrusive related gold deposits (eg. Mt Leyshon 2.07 M ozs).

The Twin Hills Project area consists of 3 exploration permits and 1 mining lease with a total area of approximately 200km<sup>2</sup>.

Project	Tenement	Name
Twin Hills	EPM 19504	Dingo Range
Twin Hills	EPM 19856	Twin Hills CS
Twin Hills	EPM 25182	Anakie
Twin Hills	ML 70316	Twin Hills

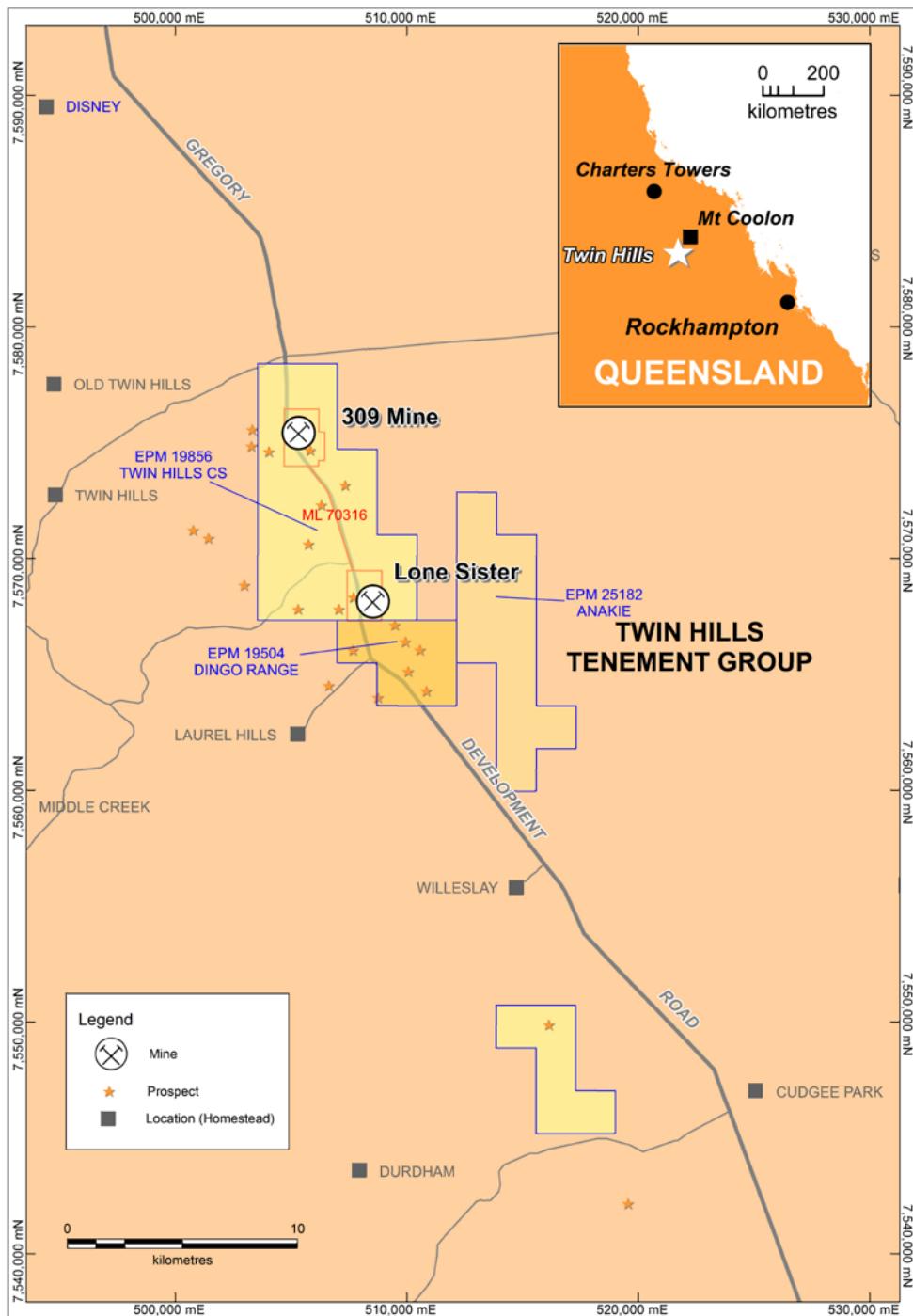


Figure 2: Prospect and Tenement Location Plan

## Twin Hills Resources

The Mineral Resources contained in the table below sourced from the 2016 Evolution Mining Limited's Annual Report, Annual Statement of Mineral Resources (refer ASX announcement dated 24 Oct 2016). Minjar acquired the Twin Hills Project from Evolution during 2016, to the best of GBM's knowledge the Evolution report is the most recent available public release of this resource. These resources are reported under the JORC Code 2004 and as such it is possible that they may not comply to the requirements of the JORC Code 2012.

Based on documentation reviewed to date this resource is based on estimations which were performed by experienced industry consultants in conjunction with company staff as follows;

- **309 Deposit**- by Snowden Mining Industry Consultants (Hackett, S. October 2009 , Grindorge, J April 2010 and a review dated June 2011 confirming that the resource had been reported in accordance with the requirements of JORC 2004).
- **Lone Sister**- by Zilloc Pty. Ltd. (Lutherborrow, C.H. September 2006, Twin Hills Lone Sister Deposit Resource Estimate).

Project	Cut-off g/t Au	Tonnes Mt	Gold Grade g/t	Gold koz
Twin Hills -Open pit	0.5	3.06	2.1	204
Twin Hills -Underground	2.3	1.56	3.9	194
<b>Total</b>		<b>4.62</b>	<b>2.68</b>	<b>398</b>

*Table 1: Twin Hills Inferred Resource summary. Includes both the 309 and Lone sister deposits. Source: Evolution Mining Annual Report 2016, Annual Statement of Mineral Resources.*

The 309 Deposit Resource is based on a database containing a total of 325 surface RC drillholes, 134 surface diamond drillholes and 204 underground diamond drillholes and a total of 54,170 assays. Estimation was performed using multiple indicator Kriging (MIK) for gold and ordinary kriging (OK) for silver with block size of 5m by 5m by 5m (X, Y and Z axis) using Datamine Studio Software. Drillhole data and geological interpretations were based on work by North Queensland Metal staff. The Mineral Resource estimate was divided into three domains for the 309 Deposit.

The Lone Deposit Resource at Twin Hills is based on assays from drill holes and mapping data interpreted on cross-sections spaced from 5 to 10m metres apart supported by considerable geological work. Data from a total of 52 drill holes were utilised in defining the Resource. The Resource has been modelled using four domains; a Rhyolitic domain, which contains two internal zones of veining each described as a separate domain and a well defined breccia domain. The grade of the deposit has been interpolated using ordinary kriging in 5m x 5m x 5m blocks. The Resource at a 2.0g/T cut off grade as modelled in September 2006 is estimated to contain 120,000 ounces of gold and 150,000 ounces of silver.

Based upon the information reviewed to date, including resource reports, analytical reports, geological reports, metallurgy reports and mining studies, it is the companies view that the resource as previously reported are based on data of sufficient quality, and the estimation of an acceptable standard to meet the requirements of JORC 2004. The cut-off grades and other assumptions are in line with those for similar deposits reviewed by the company within the region and are considered appropriate for this style of deposit and commodity.

It is anticipated that in order for the resources to be upgraded to meet the requirements of JORC 2012 the following will be required;

- Repeat sampling of sufficient intervals of core to confirm the reliability of previous analytical work
- Compilation and review of quality assurance and quality control data from previous sampling and analyses.
- Detailed review of geological and statistical modelling of the resource.

It is planned to have this work completed in the first half of the 2018 calendar year.

### **Cautionary Statement**

Please note that these estimates of Mineral Resources are not reported in accordance with the JORC Code 2012. A Competent Person has not done sufficient work to classify the estimates of Mineral Resources or Ore Reserves in accordance with the JORC Code 2012. It is possible that following evaluation and/or further exploration work the currently reported estimates may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012. Nothing has come to the attention of the Company that causes it to question the accuracy or reliability of the former owner's estimates but GBM has not independently validated the former owner's estimates and therefore is not to be regarded as reporting, adopting or endorsing those estimates.

### **Geology**

The Twin Hills Project consists of the 309 and Lone Sister mineralised deposits which are interpreted to be structurally controlled epithermal gold and silver mineralised lodes hosted within metamorphic, volcanic, volcanoclastic and sedimentary units. The deposits can be characterised by hydrothermal breccias with localised structural controls on ore shoots and veining orientation. A strong silica-pyrite alteration of the host sedimentary rocks is present with the mineralised lodes

The deposits have been described (Corbett, G. April 2006) as low-sulphidation epithermal intrusion-related quartz-sulphide gold deposits where gold mineralisation occurs primarily as free gold, some of which may be relatively coarse ( $>100\text{ }\mu\text{m}$  in size). Gold is associated with chalcedony-quartz veining and brecciation. Bonanza grades do occur within the deposits with 88 samples assaying above 100g/t Au with a peak value of 2940 g/t Au.

### **Previous mining and development**

The 309 Deposit was mined by BMA Gold Limited (BMA) from 2005-2007 with gold production of 72,979 t @ 10.0 g/t Au for 23,490 ounces of gold (Minjar Information Memorandum, 30/09/2017). In this time approximately 1200 metres of decline (5.0m X 5.2m, 1 in 7 gradient) and significant level development to access the Area 2 mineralisation was completed (see figure below). With the development completed to Area 2 it may represent an opportunity to access remaining underground ore.

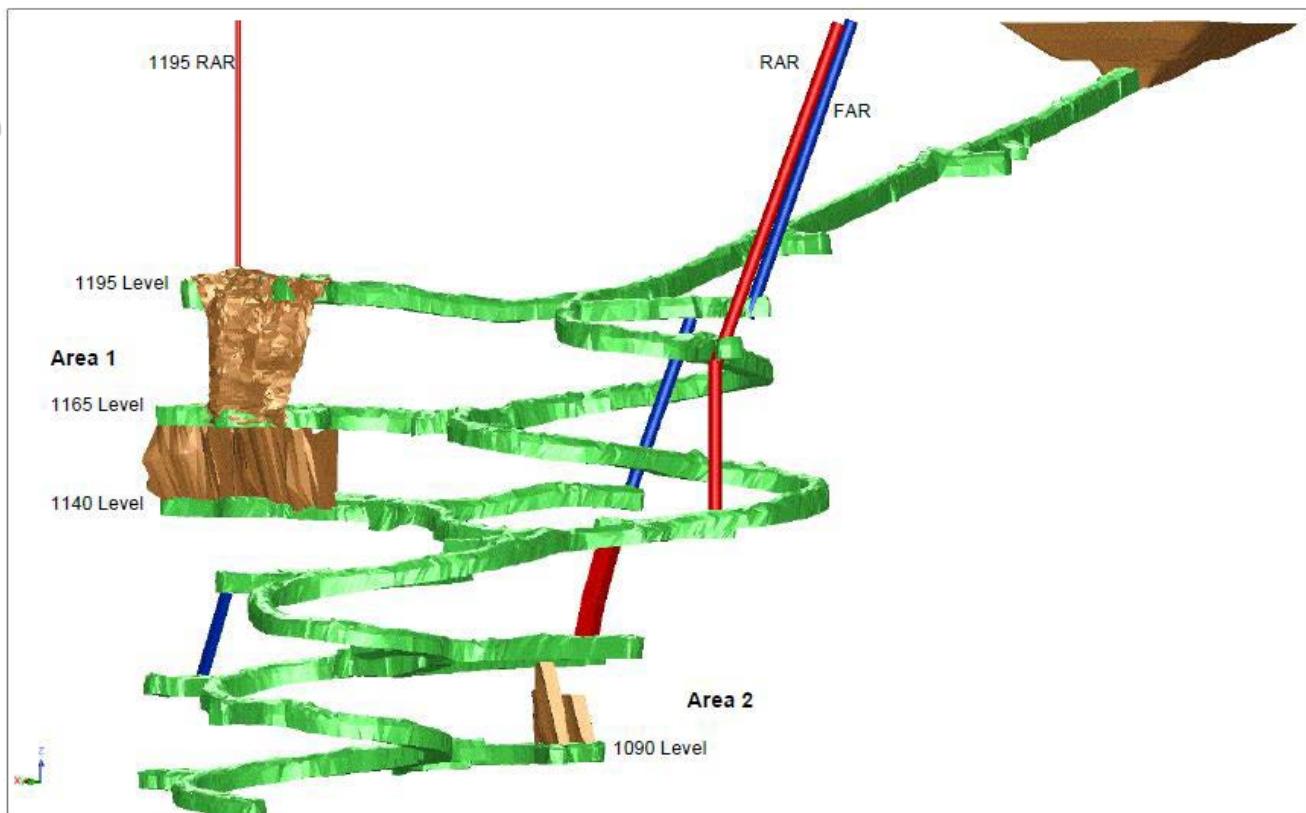


Figure 3: Underground workings at the 309 Deposit (decline and level development –green, stopes –brown) with the decline extending to approximately 170 m below surface (surface RL is approximately 1250 m.). Significant development is in place adjacent to the Area 2 mineralisation, however very little of this deposit was extracted.

#### Infrastructure

The Twin Hills project contains a series of existing established infrastructure and essential facilities as summarised below (Figures 4 and 5):

- An Exploration Shed
- Core Farm
- The Mine Portal/Boxcut
- Maintenance Shed
- Waste Dump
- Donger
- The Utility Shed
- Accommodation donger footings
- Evaporation Pond
- Access Road

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Figure 4: Location of infrastructure at Twin Hills



Figure 5: Portal to underground workings. Historical production was 72,979 t @10.01g/t for 23,490 ounces.

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

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*The information in the market announcement provided is an accurate representation of the available data and studies for the material mining project; The information was 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.*

**References.**

- Corbett, G. April 2006, 'Comments on Geology and Exploration of the Twin Hills Gold Project, Queensland, Australia'.
- Graindorge, J (Snowden Mining Consultants) April 2010'Twin Hills Resource Update – March 2010'
- Hackett, S. (Snowden Mining Consultants) October 2009,'Twin Hills Recoverable Resource Estimate'
- Lutherborrow, C.H.(Zilloc Pty. Ltd.) September 2006, 'Twin Hills Lone Sister Deposit Resource Estimate'.