

ASX Announcement

23 July 2020

WHITE DAM GOLD-COPPER HEAP LEACH JV OPERATIONS COMMENCE

- **GBM's 50% JV interest earned via completion of the Sulphidisation-Acidification-Recycling-Thickening (SART) Plant construction at White Dam.**
- **Formal JV Agreement executed with Round Oak Minerals (a 100% owned subsidiary of Washington H. Soul Pattinson (ASX: SOL).**
- **SART Plant designed to extract copper from the gold leach solution, thereby improving overall gold recoveries at White Dam.**
- **Commissioning of the SART Plant is in progress with first copper concentrate produced.**
- **Both copper and gold output expected during the current quarter.**
- **Completion of a JORC 2012 compliant Mineral Resource estimate for White Dam expected shortly.**

GBM Resources (ASX: GBZ) (**GBM** or the **Company**) is pleased to advise that it has executed the Joint Venture (**JV**) Agreement on the White Dam Gold-Copper Heap Leach Operation in South Australia (**White Dam**) with Round Oak Minerals Pty Limited (**Round Oak**).

The construction of the SART Plant has been completed and commissioning is underway. All conditions precedent in the SART Implementation and Option Agreement executed on 18 December 2019 have been satisfied and GBM has successfully earned a 50% interest in the White Dam JV.

The SART Plant construction was completed broadly as planned, with only slight COVID-19 related delays to delivery times of some key equipment. Staged commissioning activities commenced over the past three weeks as circuits in the plant were progressively completed. The circuit has also now been continuously operated, with reagent additions and first copper sulphide concentrate having been produced. The gold leaching circuit and SART Plant are targeted to reach steady-state operations during the current quarter.

Key contractors contributing to the design and construction of the SART Plant included:

Core Metallurgy

ammjohncm Pty Ltd

Environmental Construction Ops Pty Ltd

DKM Electrical

Metallurgical Testwork and Process Design

Civil and Electrical Design

Civil Construction

Electrical

GBM also expects to complete a JORC 2012 compliant Mineral Resource estimate for White Dam shortly, which is expected to identify additional production potential of the existing heap leach operation moving forward.

Peter Rohner, Managing Director and CEO, commenting on the White Dam JV formation and SART commissioning: "I would like to thank the Round Oak team, both for their efficiency in finalising the JV documentation and, in particular, the efforts of their team on site in constructing the SART Plant. I would also like to thank the other contractors involved in completing the construction work in a safe and timely manner.

We are now working to finalise commissioning and look forward to shipping the first copper concentrates and recovering additional gold bullion in the current quarter. The SART Plant project at White Dam is not only expected to generate cashflow for GBM, but also to extend the life of the operation and deliver an improved outcome for ultimate project closure by removing copper from the existing heaps."

Cautionary Statement

GBM has entered into a production joint venture regarding the White Dam Gold-Copper Heap Leach Operation, and has no current ownership of the White Dam tenements and processing infrastructure. Acquisition of these assets is subject to successful exercise of an option, of which further details are provided in this announcement and ASX announcement dated 16 October 2019.

Figure 1: Process ponds and new SART Plant



Figure 2: First sodium hydrosulphide delivery



Figure 3: Settled copper concentrate slurry ahead of dewatering



White Dam Gold-Copper Heap Leach Operation JV (50% GBM)

JV Agreement

GBM and Round Oak have satisfied all conditions precedent (gaining all regulatory approvals and constructing the SART Plant) to enable execution of the JV Agreement and recognition of GBM's earned 50% interest in White Dam (refer GBM ASX announcement dated 16 October 2019 for full details).

Under the JV Agreement, and following the addition of reagents to the SART plant for the purposes of commissioning (now achieved), the following financial arrangement applies:

- GBM and Round Oak will contribute 50% of all capital and operating costs associated with White Dam;
- GBM and Round Oak will each be entitled to 50% of all gold, copper and other metals produced from White Dam; and
- Any increase in financing costs incurred by Round Oak as a result of an increase in rehabilitation bond shall be funded by GBM.

Round Oak has also granted GBM the option to acquire 100% (being the remaining 50%) of the White Dam JV for an exercise price of A\$500,000 plus a 2% royalty on any copper and gold production revenue. In the event of option exercise, GBM would also assume the environmental liabilities for eventual White Dam closure, currently standing at A\$1.9 million. The option is exercisable between 1 January 2021 and 30 June 2021.

Opportunity for GBM

The White Dam JV has the potential to provide GBM with cashflow generation while allowing for assessing opportunities to restart mining operations at White Dam to exploit remnant open pit mineralisation, other previously defined mineralised zones and explore other associated tenements.

White Dam is located in South Australia, approximately 50 km south-west of Broken Hill. It is a heap leach operation that, since 2010, has produced approximately 175,000 oz of gold from heap leaching of 7.5 Mt of ore at 0.94 g/t Au (which was mined from two open pits).

While further work is required to confirm and quantify the opportunity in detail, there does appear strong potential to extend the life of the operation. It is worth noting the current gold price of around A\$2,500/oz compares with a price of approximately A\$1,650/oz at the time of the most recent mining campaign at White Dam in 2016/17.

The White Dam operation continues to produce gold (~2,000 oz in calendar 2019) from the existing heaps and has sufficient water to maintain production activities.

In summary, entering the White Dam JV is expected to deliver GBM the following key benefits and opportunities:

- An attractively priced acquisition of an asset interest expected to deliver short term cashflow generation.
- Asset optimisation through improved gold and copper recovery via the SART Plant completion.
- An established and experienced operational team.
- A gold recovery plant with the ability to be relocated to GBM's 100% owned Mt Coolon Project to support its possible development (should GBM exercise its option to acquire 100% of the White Dam JV).
- Significant potential exploration upside from extension of existing pits and exploration of identified structural and geochemical targets for new gold discoveries.

Figure 4: Location map of the White Dam Gold-Copper Heap Leach Operation

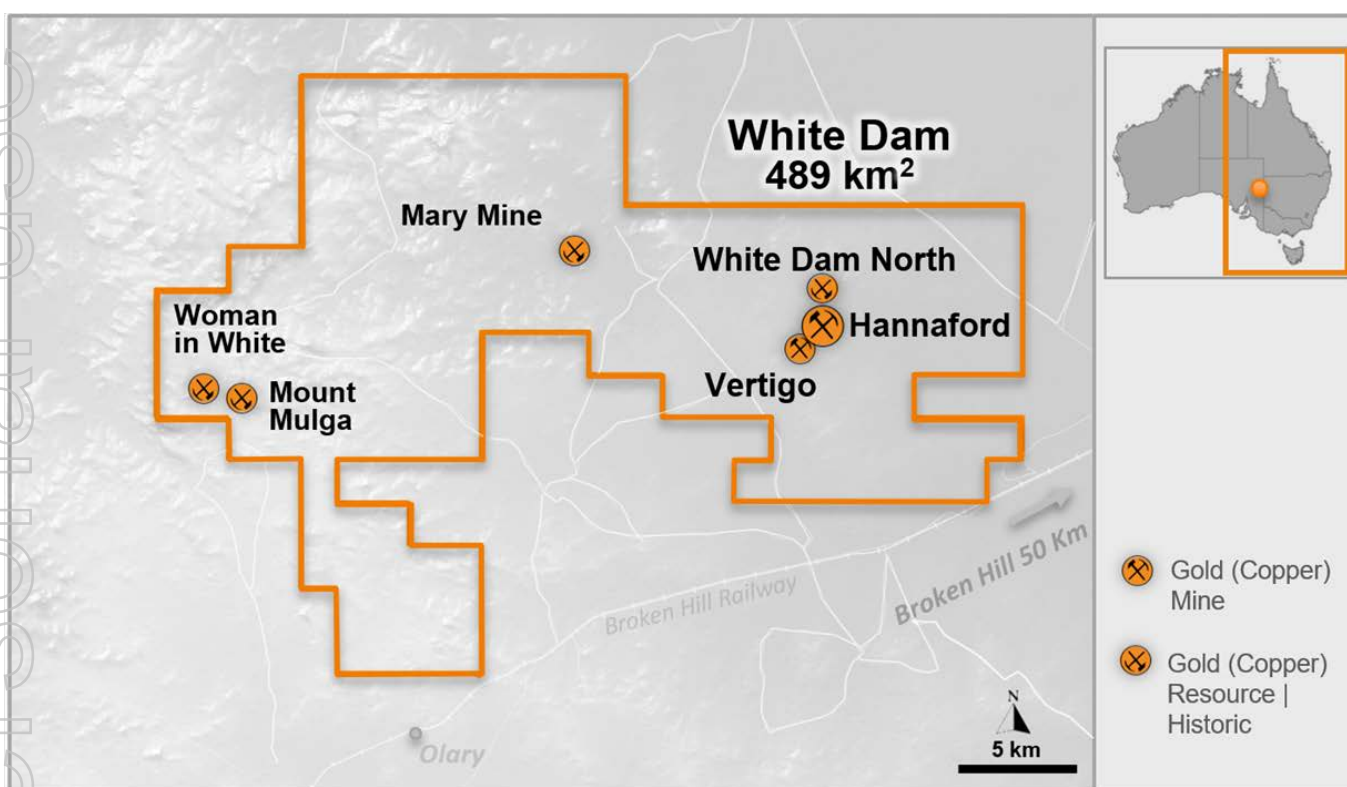


Figure 5: Existing gold recovery plant



Figure 6: Existing Hannaford pit



Figure 7: Existing Vertigo Pit



This ASX announcement was approved and authorised for release by:

Peter Rohner, Managing Director

For further information please contact:

Investor enquiries

Peter Rohner
Managing Director
+61 8 9316 9100
peter.rohner@gbmex.com.au

Media enquiries

Michael Vaughan
Fivemark Partners
+61 422 602 720
michael.vaughan@fivemark.com.au

About GBM Resources

GBM Resources Limited is a mineral exploration and development company focused on the discovery of world-class gold and copper deposits in Eastern Australia. The company has a high calibre project portfolio, hosting district scale mineral systems, located in a number of premier metallogenic terrains including the Drummond Basin, Mt Morgan district and the Mt Isa Inlier in Queensland, and the Malmsbury Project in the prolific Victorian Goldfields. Along with the recently formed JV on the White Dam Gold Project in South Australia in which it holds a 50% interest (in cashflow only).