

16 December 2009



ABN 91 124 752 745
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The Manager
Company Announcements
Australian Securities Exchange
Level 5, 20 Bridge Street
Sydney NSW 2000

Dear Sirs,

GBM Signs Letter of Intent with World-Leading Copper Producer

The world's largest buyer of copper concentrate, Tokyo-based Pan Pacific Copper Co., Limited, has signed an initial agreement with Australia's GBM Resources Limited (ASX: GBZ), which could see the global group spend up to A\$55 million on the development of new copper - gold exploration and mining projects in northwest Queensland.

GBM Resources announced today that it had signed a non-binding Letter of Intent with the Japanese copper group and aimed to complete a binding agreement by 31 January 2010.

If a formal Joint Venture agreement is concluded, Pan Pacific will earn a 51% interest in seven exploration permits and nine exploration permit applications in GBM's extensive portfolio of tenements in the Mount Isa region, by spending A\$15 million within the first six years – including a firm commitment to spend at least \$2 million in the first two years.

After earning its initial 51%, Pan Pacific will be entitled to increase its share of the venture to 90% by spending a further \$40 million on exploration and development of the tenements over the following five years.

During the farm-in period, GBM will carry out all exploration activities for Pan Pacific on the Mount Isa projects, which cover 1,580 square kilometres of highly prospective multi-minerals ground in the Eastern Succession of the Mount Isa Inlier. This area is considered highly prospective for large Iron Oxide Copper Gold style deposits.

"The terms of the LOI have been reached after 5 months of negotiations including a field trip by Pan Pacific senior personnel. This is shaping up to be a very important agreement for GBM, which will enable us to fast track exploration of some highly prospective projects and potentially generate significant rewards for our shareholders," GBM Resources' Managing Director, Mr Peter Thompson, said.

"The terms of the agreement are a win for both parties, whereby the strategic objectives for both will be met if it leads to a world class copper – gold discovery. GBM can simultaneously accelerate the progress of the JV projects in the Mount Isa region in addition to maintaining its focus on the Brightlands Project."

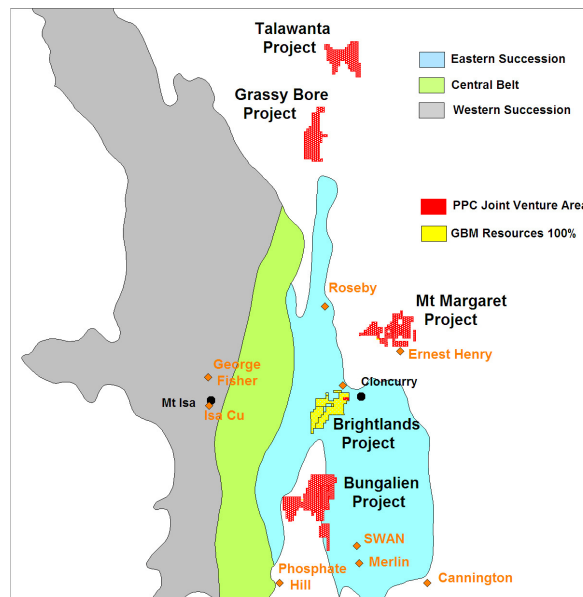
Registered Office: Level 1, 335 Churchill Ave
Subiaco WA 6008
PO Box 608
Subiaco WA 6904
T 08 9388 6899
F 08 9388 6977

Exploration Office: 10 Parker Street,
P O Box 658
Castlemaine VIC 3450

Tel / Fax 03 5470 5033

Under the terms of the initial agreement, if Pan Pacific reaches a 90% interest in the JV at Mount Isa, GBM's 10% will be free carried through to the completion of a Bankable Feasibility Study. GBM has also agreed that, once production from the tenements commences, it will sell its interest in the minerals produced to Pan Pacific at prevailing market rates.

The Joint Venture areas are outlined below.



The Mount Isa tenements were acquired by GBM Resources in October 2008. Since then, GBM has moved to consolidate its exploration footprint in the region through the additional nine exploration permit applications.

Pan Pacific Copper Co Limited was established in October 2000 as a joint venture between the Japanese minerals producers, Nippon Mining & Metals Co Limited and Mitsui Mining & Smelting Co Limited.

As well as a world-leading buyer of copper concentrate, Pan Pacific operates a network of smelting facilities producing an extensive range of copper products in Japan, and has invested in a number of major copper projects in Chile, Australia and other countries.

Yours Sincerely,

Peter Thompson
Managing Director

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