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Lubuk Mandi Gold Mine Commences Gold Production

Highlights:

- **First gold pour completed at Lubuk Mandi.**
- **Commissioning is nearing completion with steady state gold production forecast during the June 2015 Quarter.**
- **Flotation is achieving high recoveries (+90%) and is the technical key that has unlocked value at Lubuk Mandi.**

Australian resources company **GBM Resources Limited** (ASX: **GBZ**) ("**GBM**" or "**the Company**") is pleased to provide an update of activities the Lubuk Mandi Gold Mine in Malaysia. Lubuk Mandi is operated by Malaysian company AASB of which GBM holds a 36% interest. Commissioning of a newly constructed tailings treatment plant is now well advanced.

The first gold pour has demonstrated that the process and equipment was functioning as planned. The plant is now moving to operate on a continuous basis during the June Quarter, with mining on day shift at a sufficient rate to supply the mill around the clock.

The Lubuk Mandi plant is designed initially to treat 300,000 tpa at an average head grade of 0.7g/t Au (based on resource published in GBM's 2014 annual report, see table below). While there are still some design modifications to be completed, performance during commission confirms that the plant can operate at design capacity. Many components of the plant have been designed with contingency to double throughput to 600,000tpa, and gold production to an estimated 9,000 ozs per annum.

Early investigations by GBM (in association with process specialist group Core Resources) identified flotation as holding potential to significantly beneficiate tailings material at Lubuk Mandi. Subsequent testwork confirmed that flotation could effectively concentrate over 90% of the gold remaining in tailings at Lubuk Mandi into a concentrate of around 10% of the original tailings mass. This allowed economic treatment and gold extraction. Flotation is achieving high recoveries (+90%) and is the technical key to unlocking value at Lubuk Mandi.

Mining is currently progressing with a conventional excavator and dump truck fleet with plans to modify this approach in deeper levels of the tailings deposit and as the wet season approaches. Production levels during commissioning are reported to have achieved design throughput.

ASX Code: GBZ

COMPANY DIRECTORS

Peter Thompson
Managing Director/ Executive Chairman

Neil Norris
Exploration Director – Executive

Frank Cannavo
Non-Executive Director

Chiau Woei Lim
Non-Executive Director

CONTACT DETAILS

Principal & Registered Office
Suite 8, 7 The Esplanade,
Mt Pleasant, WA 6153

Exploration Office
10 Parker Street,
Castlemaine, Victoria 3450

Website
www.gbmr.com.au

Email
info@gbmr.com.au

Phone
+61 (8) 9316 9100

Fax
+61 (8) 9315 5475

Phone (Exploration Office)
+61 (3) 5470 5033



Initial indications are that the head grade of tailings is in line with resource estimates and that recoveries are approaching forecast based on laboratory test work. Flow sheet development testwork completed in January 2013 indicated that overall recoveries of 71% should be expected. Results obtained during commissioning confirm that these predicted recoveries are achievable.

Indicated + Inferred					
	Contained Gold			Grade	
	Tonnes	Grammes	Ounces	ppm Au	% Tonnage
Indicated	1,445,000	1,009,000	32,400	0.70	94%
Inferred	87,000	72,000	2,300	0.80	6%
Total	1,532,000	1,081,400	34,800	0.70	100%

*Table; Resource summary for Lubuk Mandi tailings deposit.
(ASX announcement 24th October 2013, GBM Annual report 2014)*

The mine staff includes many local employees, some of whom have experience in the previous operation at Lubuk Mandi. Mine staff have recently been supported by Core Resources during commissioning. Training of operators and procurement of suitably qualified technical staff is ongoing.

Commissioning of the Lubuk Mandi tailings treatment plant is a major step forward for AASB as it moves towards developing a positive sustainable cash flow to assist in further development of the Lubuk Mandi Gold Mine, and to explore other opportunities in Peninsular Malaysia.



Photograph; Carbon stripping column.



Photograph; Flotation cells in operation at Lubuk Mandi as the first stage of concentrating gold from existing tailings for recovery.



Photograph: Tailings mining operations in progress at Lubuk Mandi Gold Mine.

Investors:

Peter Thompson
Managing Director
GBM Resources
Tel: +61 8 9316 9100

Media:

Karen Oswald
Marko Communications
Tel: + 0423 602 353

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.