

6 September 2016

Non-renounceable Entitlement Issue of Options

The Board of GBM Resources Limited ('GBM' or 'the Company') is pleased to offer shareholders registered as at 9 September 2016 (Record Date) an opportunity to participate in a Non-Renounceable Pro-Rata Entitlement Issue.

Pursuant to the Entitlement Issue, the Company will issue up to 203,391,744 listed options at \$0.003 per Option (Offer) to raise up to \$610,175 (before costs). The Entitlement Issue is not underwritten. The options will be offered on the basis of one (1) Option for every four (4) shares held in the capital of the Company at the Record Date (the Entitlement).

The options will be exercisable by the payment of \$0.05 each on or before 30 September 2019.

The closing date for acceptances is 5.00pm (WST) on Thursday 6 October 2016. Full details of the Offer and how to participate will be contained in the Prospectus, which will be despatched on 13 September 2016, which I encourage you to read and consider carefully.

The Company intends to use the funds raised under this Prospectus for exploration and evaluation at the Company's Mt Coolon Gold Project.

Summary of Key Information

A summary of key information is set out below for your information:

Type of Offer	Non Renounceable Pro-Rata Entitlement Issue of up to 203,391,744 listed options
Offer Price	\$0.003 per option
Offer Ratio	1 option for every 4 shares held at the Record Date

Proposed Timetable

The current proposed timetable for the Entitlement Issue is set out below.

Entitlement offer announced	6 September 2016
Record Date	9 September 2016
Dispatch of Offer Document and Entitlement and Acceptance forms to shareholders	13 September 2016
Closing date of Entitlement Issue	6 October 2016
Securities quoted on a deferred settlement basis	7 October 2016
Notify ASX of under subscriptions	11 October 2016
Issue Securities	13 October 2016
Dispatch of Shareholder Statements	14 October 2016

The dates are indicative only and GBM reserves the right to vary the dates subject to the Corporations Act 2001, the ASX Listing Rules and other applicable law.

ASX Code: GBZ

COMPANY DIRECTORS

Peter Thompson
Managing Director/ Executive Chairman

Neil Norris
Exploration Director – Executive

Hun Seng Tan
Non-Executive Director

CONTACT DETAILS

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

Exploration Office
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Castlemaine, Victoria 3450

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Phone
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Fax
+61 (8) 9315 5475

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



Dealing with Entitlements

The Entitlement Issue is Non Renounceable, which means shareholders cannot sell their Entitlements on the Australian Stock Exchange.

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

Investors:

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Managing Director
GBM Resources
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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

GBM Resources Limited

ABN

91 124 752 745

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Listed options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Up to 203,391,744 (to be confirmed depending on acceptances) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Listed options exercisable at \$0.05 on or before 30 September 2019. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	No
5	Issue price or consideration	\$0.003 per Option
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Options to be issued pursuant to a non-renounceable pro-rata entitlement issue prospectus dated 5 September 2016.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	26 November 2015
6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil	
6f	Number of securities issued under an exception in rule 7.2	Up to 203,391,744 (to be confirmed depending on acceptances)	
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/a	
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/a	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Annexure 1	
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	13 October 2016	
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		813,566,975	Ordinary shares (GBZ)
		203,391,744 (To be confirmed depending on acceptances)	Listed options exercisable at \$0.05 on or before 30 September 2019

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/a

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 option for every 4 ordinary shares held
14	+Class of +securities to which the offer relates	Listed options
15	+Record date to determine entitlements	9 September 2016
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Any fraction will be rounded up to the nearest whole dollar
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	All countries with the exception of Australia, New Zealand, United Kingdom, China, Hong Kong, Malaysia and Singapore.
19	Closing date for receipt of acceptances or renunciations	6 October 2016
20	Names of any underwriters	N/a

+ See chapter 19 for defined terms.

21	Amount of any underwriting fee or commission	N/a
22	Names of any brokers to the issue	N/a
23	Fee or commission payable to the broker to the issue	N/a
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/a
25	If the issue is contingent on +security holders' approval, the date of the meeting	No
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	13 September 2016
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/a
28	Date rights trading will begin (if applicable)	N/a
29	Date rights trading will end (if applicable)	N/a
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/a
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/a
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/a
33	+Despatch date	14 October 2016

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought					
39	Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)					
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> <tr> <td style="height: 40px;"></td> <td></td> </tr> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Company secretary

Date: 6 September 2016

Print name:

Kevin Hart

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	557,894,121
Add the following: - Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	41,063,104 shares issued pursuant to entitlement issue closing 17/12/2015 (issued 21/12/2015); 51,919,250 shares issued pursuant to entitlement issue closing 17/12/2015 (issued 19/1/2016); 3,000 shares issued pursuant to the exercise of options (issued 26/7/2016)
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	650,879,475

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	97,631,921
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 Note: • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	– 2,187,500 shares issued pursuant to Listing Rule 7.1 to acquire an interest in an exploration licence (16 February 2016); – 95,412,053 shares issued pursuant to Listing Rule 7.1 (share placement 26 July 2016).
“C”	97,599,553
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	97,631,921
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	97,599,553
Total [“A” x 0.15] – “C”	32,368 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	650,879,475
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	65,087,947
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <i>This applies to equity securities – not just ordinary securities</i> <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>	– 65,087,947 shares issued pursuant to a share placement completed under Listing Rule 7.1A (issued 26 July 2016).
“E”	65,087,947

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	65,087,947
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	65,087,947
Total [“A” x 0.10] – “E”	Nil <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.



ENTITLEMENT ISSUE PROSPECTUS

For a pro rata non-renounceable entitlement issue of one (1) Option (exercisable at \$0.05 on or before 30 September 2019) for every four (4) Shares held by Shareholders at the Record Date at an issue price of \$0.003 per Option, to raise approximately \$610,175 (based on the number of Shares on issue as at the date of this Prospectus) (**Entitlement Offer**).

The Entitlement Offer is not underwritten.

The Entitlement Offer closes at 5.00pm WST on 6th October 2016 unless extended. Valid acceptances must be received before that date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options offered by this Prospectus should be considered as speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

Timetable and important dates*

Lodgement of Prospectus with ASIC	5 September 2016
Lodgement of Prospectus and Appendix 3B with ASX	6 September 2016
Notice sent to Shareholders	6 September 2016
Ex Date	8 September 2016
Record Date for determining Entitlements	5pm (WST) 9 September 2016
Prospectus dispatched to Shareholders	13 September 2016
Opening Date of Entitlement Offer	13 September 2016
Last day to extend the Closing Date of the Entitlement Offer	30 September 2016
Closing Date of the Entitlement Offer (5:00pm WST)*	5pm (WST) 6 October 2016
Options quoted on a deferred settlement basis	7 October 2016
Notify ASX of under-subscriptions	11 October 2016
Issue securities	13 October 2016
Quotation of Options issued under the offer / despatch holding statements	14 October 2016

* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Options are expected to commence trading on ASX may vary.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisers.

This Prospectus is dated 5th September 2016 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the content of this Prospectus or the merits of the investment decision to which this Prospectus relates.

No Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Options the subject of this Prospectus should be considered highly speculative.

Applications for Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

RISK FACTORS

Potential investors should be aware that subscribing for Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

2. CORPORATE DIRECTORY

Directors

Mr Peter Thompson

Executive Chairman

Mr Neil Norris

Executive Director

Mr Hun Seng Tan

Non-Executive Director

Solicitors*

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Company Secretary

Mr Kevin Hart

Auditors*

HLB Mann Judd
Level 4, 130 Stirling Street
PERTH WA 6000

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Telephone: +61 8 9316 9100
Facsimile: +61 8 9315 5475

ASX Code

GBZ

Share Registry*

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

Website

www.gbmr.com.au

General Enquiries

Telephone: +61 8 9316 9100

*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

3. CHAIRMAN'S LETTER

Dear Shareholder

The Board is pleased to offer Shareholders the opportunity to participate in a one option for every four shares held non-renounceable entitlement issue of Options.

All Eligible Shareholders registered as at 5.00 pm (WST) on 9th September 2016 will be entitled to participate in the pro-rata non-renounceable entitlement issue of Options on the basis of one (1) Option for every four (4) Shares then held at an issue price of \$0.003 per Option (**Entitlement Offer**). The issue price has been set at \$0.003 to provide an opportunity for all Shareholders to participate in the Entitlement Offer.

The Company intends to use the funds raised under this Prospectus to fund exploration at the Company's Mt Coolon Gold Project.

The Board takes this opportunity to thank all Shareholders for their support and looks forward to your continued support in the future.

Yours faithfully

MR PETER THOMPSON
CHAIRMAN

4. DETAILS OF THE OFFER

4.1 Offer

By this Prospectus, the Company offers for subscription approximately 203,391,744 new Options pursuant to a non-renounceable entitlement issue to Shareholders of one (1) new Option for every four (4) Shares held at the Record Date at an issue price of \$0.003 per Option. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, a maximum of 203,391,744 Options will be issued pursuant to the Entitlement Offer (subject to rounding) to raise up to approximately \$610,175 (before the costs). If all of the Options issued under the Entitlement Offer are exercised, the Company will receive approximately \$10 million.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 5.1 of this Prospectus.

All of the Shares issued upon the future exercise of the Options offered under this Prospectus will rank equally with the Shares on issue at the date of exercise of the Options. Please refer to section 6 for further information regarding the rights and liabilities attaching to the Options.

4.2 How to accept the Offer

Your acceptance of the Entitlement Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

As noted in section 4.6, Shareholders may apply for Options in addition to their Entitlement under the Shortfall Offer.

You may participate in the Entitlement Offer as follows:

- (a) if you wish to accept your Entitlement **in full**:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount indicated on that relevant Entitlement and Acceptance Form or pay via BPAY® by following the instructions set out on the Entitlement and Acceptance Form (Applicants should ensure they include their reference number if paying by BPAY®); or
- (b) if you only wish to accept **part** of your Entitlement:
 - (iii) fill in the number of Options you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (iv) attach your cheque for the appropriate application monies (at \$0.003 per Option) or pay via BPAY® by following the instructions set out on the Entitlement and Acceptance Form (Applicants should ensure they include their reference number if paying by BPAY®); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.3 Australian Shareholders

Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**GBM Resources Limited – Entitlement Issue Account**” and crossed “Not Negotiable”.

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry at the address set out on the Entitlement and Acceptance Form by no later than 5:00pm WST on the Closing Date.

Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Options which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Company's share registry by no later than 3.00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

Any application monies received for more than your Entitlement (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

4.4 Overseas shareholders

Please contact the Company's share registry, Advanced Share Registry, via email admin@advancedshare.com.au or telephone on +618 9389 8033 for further instructions regarding remitting application funds from overseas.

4.5 Minimum subscription

There is no minimum subscription for the Entitlement Offer.

4.6 Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Option to be issued under the Shortfall Offer shall be \$0.003, being the price at which Options have been offered under the Entitlement Offer.

The Directors reserve the right to issue Shortfall Options at their absolute discretion.

4.7 Potential impact of offer on control of the Company

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by up to approximately 20.0% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus) if the Options are exercised into Shares. Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	% interest at Record Date	Entitlement under the Offer	Holding if Entitlement not taken up	% interest following Entitlement Offer if all Options are exercised

Shareholder 1	50,000,000	6.15%	12,500,000	50,000,000	4.92%
Shareholder 2	10,000,000	1.23%	2,500,000	10,000,000	0.98%
Shareholder 3	5,000,000	0.61%	1,250,000	5,000,000	0.49%
Shareholder 4	1,000,000	0.12%	250,000	1,000,000	0.10%
Shareholder 5	100,000	0.01%	25,000	100,000	0.01%

Notes:

1. The dilutionary effect shown in the table is based on the assumption that all Entitlements are taken up under the Entitlement Offer or the Shortfall Offer and are subsequently exercised. In the event that fewer Options are issued, the dilutionary effect for each Shareholder not accepting their Entitlement will be less than as shown above.

The maximum number of Options which will be issued pursuant to the Entitlement Offer is 203,391,744. This equates to approximately 20% of all the issued securities in the Company following completion of the Offer, assuming all Entitlements are taken up and upon subsequent exercise of the Options.

4.8 ASX Listing

Application for Official Quotation by ASX of the Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as modified by the ASIC), the Company will not issue any Options and will repay all application monies for the Options within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Options is not to be taken in any way as an indication of the merits of the Company or the Options now offered for subscription.

4.9 Issue of Options

Options issued pursuant to the Offer will be allotted in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Options issued pursuant to the Shortfall Offer will be allotted on a progressive basis. Where the number of Options issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company on trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Options issued under the Entitlement Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Options issued under the Shortfall Offer as soon as practicable after their issue.

4.10 Overseas Shareholders

The Offers do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

4.11 Foreign offer restrictions

The distribution of this Prospectus in jurisdictions outside Australia, New Zealand, the United Kingdom, China, Hong Kong, Malaysia and Singapore may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Options the subject of this Prospectus or otherwise permit a public offering of the Options the subject of this Prospectus in any jurisdiction outside Australia, New Zealand, the United Kingdom, China, Hong Kong, Malaysia or Singapore.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the issue of the Options pursuant to this Prospectus. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

The Offers do not constitute an offer in a place in which, or to any person to whom, it would not be lawful to make such an offer.

The Offers do not constitute an offer in the United States of America or Canada, nor do they constitute an offer to a person who is a US or Canadian Person or someone who is acting on behalf of a US or Canadian Person.

Shareholders resident in Australia, New Zealand, the United Kingdom, China, Hong Kong, Malaysia or Singapore holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer (or the Shortfall) does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

The Company in its absolute discretion, reserves the right to determine whether a Shareholder outside of Australia, New Zealand, the United Kingdom or Singapore has complied to be eligible and able to participate in the Offer.

Disclosures for New Zealand

Options are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of Options is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

In accordance with the Securities Act (Overseas Companies) Exemption Notice 2013 (NZ), a person who, on the Record Date was registered as a holder of Shares with a New Zealand address but who, as at the time of this Offer no longer holds Shares is not eligible to participate in this Offer.

Disclosures for the United Kingdom

Neither the information in this document nor any other document relating to the Offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Options. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the Options may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This

document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the Options has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

Disclosures for Hong Kong

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Disclosures for Singapore

This document and any other materials relating to the Options have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Options may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Options being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Options. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Disclosures for Malaysia

No approval from the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Options. The Options may not be offered or sold in Malaysia except, pursuant to, and to persons prescribed under, Schedule 6 of the Malaysian Capital Markets and Services Act.

Disclosures for China

The information in this document does not constitute a public offer of shares, whether by way of sale or subscription, in the People's Republic of China (PRC) (excluding, for the purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Options may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors".

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia, New Zealand, the United Kingdom, China, Hong Kong, Malaysia and Singapore without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.12 Currency Risk

The Offers may involve a currency exchange risk. The currency in which the Options are denominated is Australian dollars. The value of the Options will go up and down according to changes in the exchange rate between that currency and currencies in foreign jurisdictions. These changes may be significant.

4.13 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Options under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Options offered pursuant to this Prospectus.

4.14 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.15 Privacy

If you complete an application for Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a security holder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Options, the Company may not be able to accept or process your application.

4.16 Enquiries

Any questions concerning the Offer should be directed to Kevin Hart, Company Secretary, on +61 8 9316 9100.

5. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER

5.1 Purpose of the Entitlement Offer

The purpose of the Entitlement Offer is to raise up to approximately \$610,175 (before expenses). The proceeds of the Entitlement Offer are planned to be used in accordance with the table set out below (which assumes that the Entitlement Offer is fully subscribed):

Proceeds of the Offer	\$	%
Mt Coolon Gold Project exploration and evaluation programs	586,758	96.16
Expenses of the Offer ¹	23,417	3.84
Total	610,175	100

Notes:

¹ Refer to Section 8.6 of this Prospectus for further details relating to the estimated expenses of the Offer.

The expenditures shown above may be subject to change, and will be contingent upon results, circumstances and other opportunities. The Board reserves the right to alter the way that funds are applied on this basis. The Directors are of the opinion that, on completion of the Offers, there will be sufficient working capital for the Company to meet its stated objectives. It is the Directors' intention to seek to place a sufficient number of the Shortfall Options under the Shortfall Offer to raise the full subscription amount of approximately \$610,000.

5.2 Effect of the Offer

The principal effect of the Offers, assuming all Options offered under the Entitlement Offer are issued, will be to:

- (a) increase the cash reserves by up to approximately \$586,758 immediately after completion of the Offers (after deducting the estimated expenses of the Offers); and
- (b) increase the number of Options on issue from nil to approximately 203,391,744 Options following completion of the Offers.

5.3 Consolidated and Pro-Forma Balance Sheets

The reviewed balance sheet as at 31 December 2015, the unaudited balance sheet as at 30 June 2016 and the unaudited pro forma balance sheet as at 31 August 2016 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Options pursuant to the Entitlement Offer in this Prospectus are issued.

The pro forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Consolidated Balance Sheet and Pro Forma Balance Sheet

	Notes	31 December 2015 (Reviewed)	30 June 2016 (unaudited)	Pro-forma 31 August 2016 (unaudited)
		\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	(i)	1,278,738	355,106	2,756,466
Trade and other receivables		12,301	95,309	95,309
TOTAL CURRENT ASSETS		1,291,039	450,415	2,851,775
NON-CURRENT ASSETS				
Trade and other receivables		412,242	412,121	412,121
Plant and equipment		183,332	156,605	456,605
Exploration and evaluation costs		10,739,544	11,350,307	11,350,307
TOTAL NON-CURRENT ASSETS		11,335,118	16,032,541	16,032,541
TOTAL ASSETS		12,626,157	16,482,956	18,884,316
CURRENT LIABILITIES				
Trade and other payables		838,421	323,851	498,032
TOTAL CURRENT LIABILITIES		838,421	323,851	498,032
NON-CURRENT LIABILITIES				
Rehabilitation provision		396,054	396,054	396,054
TOTAL NON-CURRENT LIABILITIES		396,054	396,054	396,054
TOTAL LIABILITIES		1,234,475	719,905	894,086
NET ASSETS		11,391,682	15,763,051	17,990,230
EQUITY				
Issued capital	(ii)	27,981,042	28,785,654	31,673,080
Option reserve		323,723	-	-
Share based payments reserve		400,000	-	-
Available for sale asset reserve		-	4,113,508	4,113,508
Reserves		(17,313,453)	(17,136,111)	(17,796,358)
TOTAL EQUITY		11,391,682	15,763,051	17,990,230

Notes and Assumptions	\$
(i) Cash and cash equivalents	
Cash and cash equivalents as at 30 June 2016	355,106
Placement July 2016 net of costs	2,300,668
Operating costs July 2016 – August 2016	(486,066)
Capital raised from entitlement issue	610,175
Costs of Offer	(23,417)
	2,756,466
(ii) Issued capital	
Issued capital as at 30 June 2016	28,785,654
Placement July 2016 net of costs	2,300,668
Capital raised from entitlement issue	610,175
Costs of Offer	(23,417)
	31,673,080

The key assumptions on which the pro-forma balance sheet is based are as follows:

- The un-audited 30 June 2016 balance sheet has been adjusted for actual transactions to 31 August 2016 including a placement of 160,500,000 ordinary shares in July 2016.
- The Company issues 203,391,744 Options at \$0.003 per option pursuant to the Entitlement Offer. The issue will raise approximately \$610,175 before costs.
- The Company incurs transaction costs of \$23,417 for the issue under the Offers which have been recognised directly against the option reserve, as a reduction of the proceeds of the Offers.
- The accounting policies adopted in the preparation of the pro forma balance sheet are

consistent with the accounting policies adopted and described in the Company's Financial Report for the year ended 30 June 2015 and should be read in conjunction with that Financial Report.

- (e) The Company suffers no materially adverse event.

5.4 Effect on capital structure on completion of the Offer and Placement

A comparative table of changes in the capital structure of the Company as a consequence of the Entitlement Offer is set out below, assuming that the Entitlement Offer is fully subscribed.

Shares	Number
Shares on issue at date of Prospectus	813,566,975
Shares issued pursuant to the Offer	Nil
Total Shares on issue after completion of the Offer	813,566,975
Options	Number
Options on issue at date of Prospectus	Nil
Options issued pursuant to the Entitlement Offer (Quoted exercisable at \$0.05 on or before 30 September 2019)	203,391,744
Total Options on issue after completion of the Offer	203,391,744

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Rights and liabilities attaching to Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.05 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 September 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Quoted**

The Company will apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

6.2 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being the underlying securities of the Options to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of

partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend Rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares. The dividend shall be payable on all shares in accordance with the Corporations Act.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted securities and which are subject to escrow restrictions at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) **Shareholder liability**

As the Shares issued on conversion of the Options will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(g) **Changes to Capital Structure**

The Company may by ordinary resolution and subject to the Corporations Act and the Listing Rules:

- (i) increase its share capital by the issue of new shares of such amount as is specified in a resolution;
- (ii) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- (iii) sub-divide all or any of its shares into shares of smaller amount than is fixed by the Constitution, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each such share of a smaller amount is the same as it was in the case of the share from which the share of a smaller amount is derived; and
- (iv) cancel shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or have been forfeited and reduce its share capital by the amount of the shares so cancelled.

(h) **Variation of Rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of 17 the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. RISK FACTORS

7.1 Introduction

The Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Risks Specific to the Company

Potential for significant dilution

Upon implementation of the Entitlement Offer, assuming all Entitlements are accepted, and upon subsequent exercise of the Options, the number of Shares in the Company will increase from 813,566,975 to 1,016,958,719. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offers and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to this prospectus being lodged of \$0.015 is not a reliable indicator as to the potential trading price of shares after implementation of the Entitlement Offer.

Additional Requirements for Capital

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company, or at all. Any additional equity financing may be dilutive to security holders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to obtain additional financing as required, it may have to reduce the scope of its operations and scale back its exploration programmes as the case may be.

Security holders should note that the reviewed Financial Report of the Company for the period ended 31 December 2015 was prepared on a going concern basis. However, the ability of the Company to continue as a going concern and to meet planned and committed expenditure requirements is subject to the Company successfully exploiting the investments and mining projects owned by the Company and/or the raising of further equity and/or loan capital. In the event that the Company is not successful in raising further funds, the realisable value of the entity's non-current assets may be significantly less than their current carrying values and the Company may not be able to continue in its present form.

The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

Exploration Success

The future profitability of the Company and the value of its securities are directly related to the results of exploration. The exploration tenements held by the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited. In addition, the resources may become depleted, resulting in a reduction of the value of those tenements.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

Further risks specific to the Company

The current and future operations of the Company, including exploration, appraisal and production activities, may be affected by a range of factors, including:

- (a) geological conditions;
- (a) alteration to exploration and production programmes and budgets;
- (b) unanticipated operational and technical difficulties;
- (c) mechanical failure of operating plant and equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (d) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- (e) prevention or restriction of access by reason of political unrest, outbreak of hostilities or inability to obtain consents or approvals (including access agreements entered into with Native Title claimants); and
- (f) uninsured losses or liabilities.

7.3

General Risks

Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

Share Market Conditions

There are general risks associated with any investment in the share market. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Operating Risks

The operations of the Company may be affected by various factors, including failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in extraction; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Environmental Risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and extraction operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Title Risks and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in, or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

Taxation

The acquisition and disposal of securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Options under this Prospectus.

7.4 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the financial statements of the Company for the financial year ended 30 June 2015 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for the year ended 30 June 2015 lodged with ASIC before the issue of this Prospectus; and
 - (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual report and before the lodgement of this Prospectus with the ASIC are set out in the table below:

Date	Description of Announcement
5/09/2016	Commencement of Drilling at Koala
29/08/2016	Mining Evaluation of the Koala Gold Mine Underway
23/08/2016	Eugenia Scoping Study Mt Coolon Gold Project
18/08/2016	Change in substantial holding
1/08/2016	Becoming a substantial holder
29/07/2016	Quarterly Activities Report and Appendix 5B
27/07/2016	Appendix 3B - Share Placement
27/07/2016	\$2.6 Million Capital Raising Completed
8/07/2016	Koala Gold Resource Increased by 135%
2/06/2016	Option Expiry Notice - Amended
2/06/2016	Option Expiry Notice
10/05/2016	Change in substantial holding
9/05/2016	DGO: Sale of 50 million shares in GBM Resources Limited
9/05/2016	Ceasing to be a substantial holder from DGO
3/05/2016	Priority IP Drill Target - Mt Coolon Gold Project
29/04/2016	Quarterly Activities Report and Appendix 5B
21/04/2016	Significant Gold Mineralisation Identified at Koala Project
1/04/2016	Shares to be released from Voluntary Escrow
29/03/2016	Lubuk Mandi Achieves Listing on the Singapore Exchange
14/03/2016	Half Year Financial Statements
17/02/2016	Appendix 3B - Shares Issued to Acquire Moonmera Prospect
17/02/2016	Mt Coolon Exploration Update - Conway Prospect
15/02/2016	GBM Acquires Moonmera Project
29/01/2016	Quarterly Activities Report and Appendix 5B
19/01/2016	Appendix 3B - Placement of Entitlement Issue Shortfall
23/12/2015	Appendix 3Y Change of Director Interest Notices (x3)
21/12/2015	Entitlement Issue - Notification of Undersubscriptions
10/12/2015	Mt Coolon Gold Project Exploration Update
30/11/2015	Dispatch of Entitlement Issue Prospectus
26/11/2015	Annual General Meeting Results
26/11/2015	AGM Presentation
25/11/2015	Board Change and Appendix 3Z
19/11/2015	Non-Renounceable Entitlement Issue Revision to Timetable
18/11/2015	Notification to Share and Option Holders - Entitlement Issue
18/11/2015	Entitlement Issue Prospectus and Appendix 3B
30/10/2015	Quarterly Activities Report and Appendix 5B
29/10/2015	Corporate Governance Statement and Appendix 4G
29/10/2015	2015 Annual Report
22/10/2015	Notice of Annual General Meeting
6/10/2015	Commencement of Drilling at Mt Margaret West

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.gbmr.com.au.

8.2

Directors' interests

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers pursuant to this Prospectus; or
- (c) the Offers pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - o the formation or promotion of the Company; or
 - o the Offers.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below:

Director	Shares	Entitlement	\$ Payable for Entitlement
Peter Thompson	11,200,000	2,800,000	\$8,400
Neil Norris	11,141,667	2,785,417	\$8,356
Hun Seng Tan	18,666,667	4,666,667	\$14,000

The Board recommends all Shareholders take up their Entitlement.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$200,000 per annum.

The Company incurred Directors remuneration for the year ended 30 June 2016, a total amount of \$566,861.

The table below sets out the actual annual remuneration payable to the current Directors for the prior financial year and proposed current financial year, inclusive of superannuation, directors' fees and consultancy fees.

Director	Financial Year Ended 30 June 2016 (Actual) \$	Proposed for Financial Year to 30 June 2017 \$
Peter Thompson	235,425	\$235,425
Neil Norris	227,436	\$217,000
Hun Seng Tan	104,000	\$48,000

Notes:

1. Figures based on proposed remuneration agreed between the Company and Directors as at the date of this Prospectus.

In addition, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

8.3 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (f) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

Steinepreis Paganin have acted as solicitors to the Company in respect of this Prospectus. Steinepreis Paganin will be paid approximately \$5,000 (excluding GST) for services in relation to this Prospectus. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid an amount of \$68,279 for legal services provided to the Company.

8.4 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibilities for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section; and
- (c) Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.5 Legal proceedings

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.6 Estimated expenses of Offer

In the event that all Entitlements are accepted, the total expenses of the Entitlement Offer are estimated to be approximately \$23,417 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,350
ASX fees	4,067
Legal and professional expenses	5,000
Printing and Distribution	12,000
Total	23,417

8.7 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.023 on 8 July 2016

Lowest: \$0.011 on 23rd and 28th June 2016

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.015 on 2 September 2016.

8.8 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.9 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the company announcements platform at www.asx.com.au.

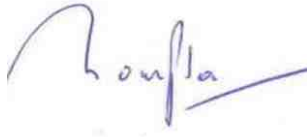
The Company reserves the right not to accept an Entitlement and Acceptance Form or a Shortfall Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9. DIRECTORS' CONSENT

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Dated the 5th day of September 2016

A handwritten signature in blue ink, appearing to read 'P. Thompson', with a long horizontal stroke extending to the right.

**Mr Peter Thompson
Executive Chairman
GBM Resources Limited**

8 DEFINITIONS

Applicant means a Shareholder who applies for Options pursuant to the Entitlement Offer or any party who applies for Shortfall Options pursuant to the Shortfall Offer.

Application Form means either an Entitlement and Acceptance Form or a Shortfall Application Form.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited (ACN 008 624 691).

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer, being 5:00pm (WST) on 6 October 2016 (unless extended).

Company means GBM Resources Limited (ACN 124 752 745).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act* 2001(Cth).

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Entitlement Offer means the offer pursuant to this Prospectus of one (1) new Option for every four (4) Shares held by a Shareholder on the Record Date to raise approximately \$610,175.

Issue means the issue of Options offered by this Prospectus.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

Offers means the Entitlement Offer and the Shortfall Offer.

Official List means the official list of ASX.

Option means an option to purchase a Share for \$0.05 on or before 30 September 2019.

Prospectus means this prospectus.

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 5:00pm (WST) on 9 September 2016.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Shortfall Offer means the offer of the Shortfall Options under this Prospectus on the terms set out in Section 4.6.

Shortfall Application Form means the shortfall application form for the Shortfall Options.

Shortfall Options means those Options to be issued pursuant to the Shortfall Offer.

VWAP means volume weighted average market price.

WST means Western Standard Time.