

ASX Announcement

10 March 2023

GBM sells remaining 50% interest in Malmsbury Gold Project

KEY POINTS

- GBM Resources Limited (GBM or Company) has signed a Sale and Purchase Agreement (SPA) with Novo Resources Corp. (TSX: NVO, Novo) for its remaining 50% interest in the Malmsbury Gold Project - RL6587 (Malmsbury), located in the prolific Victorian Goldfields.
- The sale includes cash consideration of \$A1 million, plus the issue of 4,037,872 Novo shares and 2,018,936 options (warrants) to GBM at settlement which is subject to certain conditions relating to transfer of the Project interest.
- Current market value of the consideration is approximately A\$2.6 million (excluding any potential royalties). The Novo shares and options are escrowed for a period of 12 months from settlement.
- Novo was earning an additional 10% interest in Malmsbury by incurring A\$5 million in exploration expenditure over a four-year period, following the acquisition of its initial 50% interest in Malmsbury for ~A\$3.7 million in May 2021. Refer ASX:GBZ release 14 May 2022.
- GBM will continue to have exposure to the Malmsbury Project through its share and option holding in Novo along with the 2.5% maximum net smelter returns royalty on the project.

GBM Managing Director and CEO, Peter Rohner, commented:

"Novo has been funding exploration activities at Malmsbury since 2020 as part of its earn in for an additional 10% interest. While both Novo and GBM have been encouraged by the success to date, GBM's focus is on the prospective Drummond Basin where large high grade epithermal gold deposits exist and where it has expanded JORC resources to ~ 1.85 Moz of gold.

The sale of GBM's remaining interest in the Malmsbury Project to Novo will realise value for GBM's shareholders and progresses GBM's strategy of using sale proceeds from non core assets to repay (or have liquid assets) to repay the convertible note facility when it becomes due (if not converted). Taking some consideration in Novo shares provides GBM with continued exposure to the project and to gold equities if sentiment improves from current market conditions."

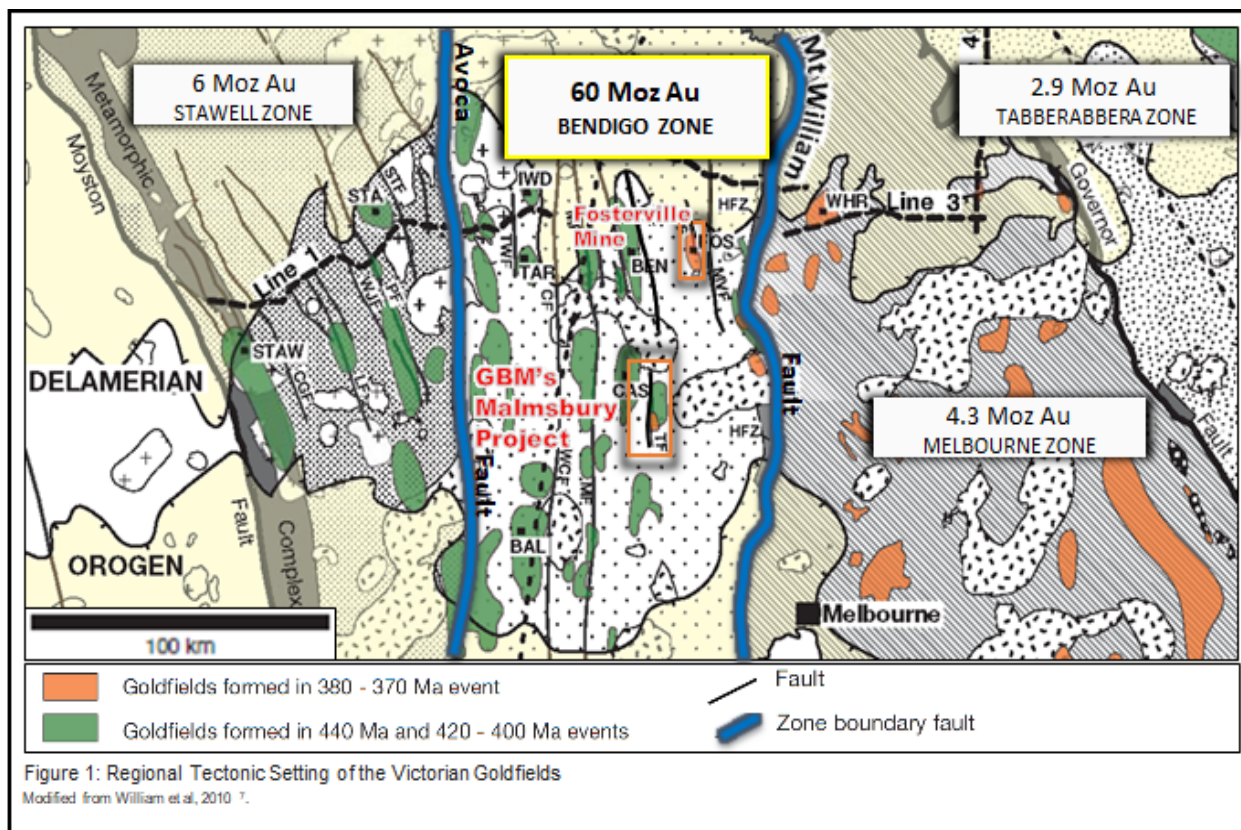
Key Terms of Sale and Purchase Agreement with Novo

1. On completion of the SPA, GBM will receive;
 - i. A\$1 million in cash.
 - ii. 4,037,872 common shares in Novo (TSX: NVO), representing A\$1.45 million (at a 30 day VWAP of C\$0.3257).
 - iii. 2,018,936 share purchase warrants, with each Warrant entitling the holder thereof, for a period of 24 months after the Completion Date, to acquire one Share at an exercise price of C\$0.60 upon exercise in accordance with its terms.
2. In addition GBM shall retain the initial royalty arrangement whereby, subsequent to a decision to mine, GBM will be entitled to receive a 2.5% net smelter returns royalty. Malmesbury is encumbered by certain pre-existing royalties; where such an encumbrance is present, Novo shall only be required to pay a 2.5% net smelter returns royalty in aggregate, with only any residual amount between pre-existing royalty rights and the 2.5% threshold being retained by GBM.
3. Key Condition Precedent

Completion is subject to satisfaction of the following conditions precedent by no later than the 30 days from signing the SPA:

- I. written consents and approval from the Department to the registration of the 50% interest being sold in the name of Rocklea (a wholly owned subsidiary of Novo); and
- II. Novo obtaining TSX acceptance of the transactions under this agreement and conditional approval (in writing) of the listing of the common shares issuable pursuant to this agreement;

Figure 1: Regional Tectonic Setting of the Victorian Goldfields



This ASX announcement was approved and authorised for release by:

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About GBM Resources

GBM Resources Limited (ASX: GBZ) is a well-funded Queensland based mineral exploration and development company focused on the discovery of world-class gold and copper deposits in Eastern Australia. The company has a high calibre project portfolio, hosting district scale mineral systems, located in several premier metallogenic terrains.

Its flagship project in the Drummond Basin (QLD) holds ~1.85 Moz of gold in JORC resources (Mt Coolon, Yandan and Twin Hills). Some tenements in the Basin have recently become the subject of a A\$25m farm-in with Newcrest. 2023 will see an expanded drilling program which is aiming to define 2-3 Moz and support GBM's transition into a mid-tier Australian gold company.

Separately it also holds tenements in the Mt Morgan district and in the Mt Isa Inlier in Queensland (JV with Nippon Mining Australia - 54%), and the Malmsbury Project (JV with Novo Resources Corp. - 50%, earning additional 10%) in the prolific Victorian Goldfields, which is subject to the announced SPA. This is complemented by the White Dam Gold-Copper Project in South Australia in which GBM now holds a 100% interest. Divestment of non-core assets will continue.

Competent Person Statement

The Company confirms that it is not aware of any new information or data that materially affects the information in the original reports, and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original reports.

Where the Company refers to the exploration results and Mineral Resources in this report (referencing previous releases made to the ASX), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the Mineral Resource estimates with that announcement continue to apply and have not materially changed.

APPENDIX 1: GBM Mineral Resource Estimate for the Drummond Basin Projects (Mt Coolon, Yandan and Twin Hills) along with other company interests

Deposit	Resource Category									Total			Cut-off
	Measured			Indicated			Inferred			000' t	Au g/t	Au oz	
	000' t	Au g/t	Au oz	000' t	Au g/t	Au oz	000' t	Au g/t	Au oz	000' t	Au g/t	Au oz	
Koala - ML													
Open Pit				670	2.6	55,100	440	1.9	26,700	1,120	2.3	81,800	0.4
UG Extension				50	3.2	5,300	260	4	34,400	320	3.9	39,700	2.0
Tailings	114	1.7	6,200	9	1.6	400				124	1.6	6,600	1.0
Sub Total	114	1.7	6,200	729	2.6	60,800	700	2.7	61,100	1,563	2.5	128,100	
Eugenia													
Oxide - Open Pit				885	1.1	32,400	597	1.0	19,300	1,482	1.1	51,700	0.4
Sulphide - Open Pit				905	1.2	33,500	1,042	1.2	38,900	1,947	1.2	72,400	0.4
Sub Total				1,790	1.1	65,900	1,639	1.1	58,200	3,430	1.1	124,100	
Glen Eva - ML													
Sub Total - Open Pit				1,070	1.6	55,200	580	1.2	23,100	1,660	1.5	78,300	0.4
Yandan - ML													
East Hill - Open Pit							20,600	0.8	505,000	20,060	0.8	505,000	0.3
Yandan South - Open Pit							900	0.6	16,000	900	0.6	16,000	0.3
Sub Total							21,500	0.8	521,000	21,500	0.8	521,000	
Twin Hills - ML													
309 - Open Pit	830	2.5	73,900	5,480	1.3	235,200	3,650	1.1	129,800	9,960	1.4	438,900	0.4
309 - UG				190	4.0	24,500	480	3.9	59,900	670	3.9	84,400	2.0
Lone Sister - Open Pit				5,250	1.3	277,300	6,550	0.9	188,500	11,800	1.1	415,800	0.4
Lone Sister - UG				370	2.9	34,300	310	2.6	25,800	680	2.7	60,100	2.0
Sub Total	830	2.5	73,900	11,290	1.6	571,300	10,990	1.1	404,000	23,110	1.3	999,200	
Drummond Basin Total	944	2.6	80,100	14,879	1.6	753,200	35,409	0.9	1,067,400	51,263	1.12	1,850,700	
White Dam - ML													
Hannaford - Open Pit				700	0.7	16,400	1,000	0.8	26,900	1,700	0.8	43,300	0.2
Vertigo - Open Pit				300	1.0	9,400	1,400	0.6	29,000	1,700	0.7	38,400	0.2
White Dam North - Open Pit				200	0.5	2,800	1,000	0.6	17,600	1,200	0.5	20,400	0.2
Sub Total				1,200	0.7	28,600	3,400	0.7	73,500	4,600	0.7	101,900	
cut-off grade is 0.20 g/t Au for all, Vertigo is restricted to above 150RL (~70m below surface)													
Malmsbury - RL													
Sub Total - UG							820	4.0	104,000	820	4.0	104,000	2.5
Sub Total - UG - GBM Share							410	4.0	52,000	410	4.0	52,000	2.5
GBM Total	2,004,600												

The announcements containing the Table 1 Checklists of Assessment and Reporting Criteria relating to the 2012 JORC compliant Resources are:

- Koala/Glen Eva and Eugenia – GBM ASX Announcement, 4 December 2017, Mt Coolon Gold Project Scoping Study, note these resources have not been verified by Newcrest and are on tenements subject to a recent farm-in agreement with Newcrest
 - Yandan – GBM ASX Announcement, 23 December 2020, Mt Coolon and Yandan Combined Resources Total 852,000 oz, following completion of Yandan acquisition.
 - Twin Hills – GBM ASX Announcements, 18 January 2019, Mt Coolon and Twin Hills Combined Resource Base Approaches 1 Million Ounces, 2 February 2022, Significant Resource Upgrade at Twin Hills Project and 5 December 2022, Twin Hills Gold Project Upgrades to ~1 Moz Mineral Resource
 - White Dam – GBM ASX Announcement, 18 August 2020, White Dam Maiden JORC 2012 Resource of 102 koz
 - Malmsbury – GBM ASX Announcement, 4 July 2019, Malmsbury Resource Upgraded to JORC 2012, Malmsbury ounces in this table are subject to the SPA.
- a) The preceding statements of Mineral Resources conforms to the “Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition”
 - b) All tonnages are dry metric tonnes
 - c) Data is rounded to ('000 tonnes, 0.0 g/t and '000 ounces). Discrepancies in totals may occur due to rounding
 - d) Resources have been reported as both open pit and underground with varying cut-off based off several factors as discussed in the corresponding Table 1 which can be found with the original ASX announcement for each Resource