



27 July 2017

ASX Announcement

GBM GOLD SELLS KANGAROO FLAT GOLD PROCESSING PLANT FOR \$6.2 MILLION

GBM Gold Limited ABN 59 119 956 624

ASX CODE: GBM

CORPORATE DETAILS:

Shareholders:
700

Shares on Issue:
1,118,319,556

Options: Nil

Directors:

Eric JP Ng (*Chairman*)

John Harrison (*CEO*)

Paul Chan

Andy Lai

Linda Lau

Jianping Wang

Andrew Chan

Company Secretary:

Andrew Chan

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HIGHLIGHTS

- ✓ GBM Gold Ltd has entered into an agreement to sell the Kangaroo Flat Gold Processing Plant for \$6.2 million
- ✓ Australian Mining Equipment Exporters Pty Ltd have purchased the plant for export to a project in Guinea, West Africa
- ✓ The plant will be exported in the second or third quarters of 2018
- ✓ The funds received will increase working capital and be used to pay down debt

GBM Gold Limited (**ASX: GBM**) ("**GBM Gold**") has entered into an agreement with Australian Mineral Exporters Pty Ltd for the sale of the Kangaroo Flat Gold Processing Plant for \$6.2 million with the following payment schedule:

Date	Payment to GBM
27 July 2017	\$1,450,000
1 December 2017	\$2,400,000
30 January 2018	\$2,300,000
30 June 2018	\$50,000

GBM Gold confirms that it received the first payment today.

The plan is to relocate the plant to Guinea in the second or third quarter of 2018.

As part of the contract to purchase the Bendigo Goldfield, Unity Mining Limited ("Unity") assigned to GBM Gold the funds held to meet rehabilitation obligations at Bendigo (\$5.93 million). These funds will be repaid over three years.

As announced on [18 May 2016](#), Unity and GBM Gold agreed that should GBM Gold sell the Kangaroo Flat Gold Processing Plant part of the proceeds would be used to reduce the amount owing to Unity.

Unity will receive \$2.075 million from the proceeds of this sale.

With the sale of the Kangaroo Flat Gold Processing Plant, GBM Gold is in discussions to secure access to a gold processing plant(s) to process its ore. Six gold processing plants are within an economic ore haul distance of Bendigo (See Figure 3).

A number of these plants are not operating at capacity and the opportunity exists to deliver Bendigo ore to increase the efficiency of the plants and provide a positive outcome for both parties.

History of the Kangaroo Flat Gold Processing Plant

The 600,000 tonnes per annum gold processing plant was constructed in 2006. After the plant commenced operation it was discovered that the gold resources available were not sufficient to keep the plant fully operational and financially sustain the proposed scale of operations. GBM is planning a smaller scale of operations.

The Kangaroo Flat Plant is designed to capture most of the gold by gravity methods followed by a flotation circuit to concentrate the remaining free gold and sulphides by separating them from the quartz sand. The sand was split into two products, Fine and Coarse. The plan was to sell the coarse sand to the construction industry. During the time the mine operated (2006-2011), there was little focus on sand sales. Consequently, the sand dams have been filled, 430,000 tonnes in the Coarse Sand Dam and 200,000 tonnes in the fine sand dam (Figure 1).

In summary, the plant is too large for the gold deposit, there is no tailings capacity available and no opportunity to construct a new tailings facility. Maximising the value of the gold processing plant at Kangaroo Flat has been a priority for GBM.



Figure 1: Kangaroo Flat Tailings Dams

Coarse Sand Dam Project

The Kangaroo Flat Gold Processing Plant operated between 2006 and 2011 with total gold recovery of 93% and 7% of the gold not captured in processing.

A significant portion of the gold not captured is believed to be in the approximately 430,000 tonnes of material stored in the coarse sand dam. Sampling revealed appreciable quantities of free gold and gold bearing sulphides in the coarse sand dam. Data from a drill program carried out by GBM Gold in October 2015 and reported in the [March 2016 Quarterly Report](#) has been used to estimate the quantities of gold in the dam and the Resource reported in the [March 2017 Quarterly Report](#).

This resource will be mined and processed over a period of two to three years, precluding the use of this dam for tailings and further justifying the decision to sell the plant.



Figure 2: Coarse Sand Dam – 430,000 tonnes of sand

The sand dam is estimated to contain a mineral resource of 430,000 tonnes of material containing 5,100 ounces of gold at a grade of 0.37 g/t. 320,000 tonnes of material containing 3,900 ounces of gold have been classified as Indicated with a further 110,000 tonnes containing 1,200 ounces of gold have been classified as Inferred.

The technology envisaged for use at Kangaroo Flat is an improved type of gravity concentration that uses centrifugal force to concentrate heavy materials and clean water to wash the sand in a single process. The concentrating process does not use chemicals. The technology is proved both here in Australia and overseas.

Gold Processing Plant Strategy

With the sale of the Kangaroo Flat Gold Processing Plant, GBM Gold is in discussions to secure access to a gold processing plant(s) to process its ore. Six gold processing plants are within an economic ore haul distance of Bendigo (See Figure 3).

There are three ore sources for which processing agreements are being discussed:

1. Gold concentrates from the Coarse Sand Dam
2. Underground ore from Bendigo, pending the successful outcome of exploration close to the Swan Decline
3. Harvest Home Open Pit Mine. The pit will encompass and extend the existing bulk sample pit, which was processed at Maldon. Approximately 44,000 tonnes of ore will be excavated in the next phase of the operation.

A number of the plants are not operating at capacity and the opportunity exists to deliver Bendigo ore to increase the efficiency of the plants and provide a positive outcome for both parties.

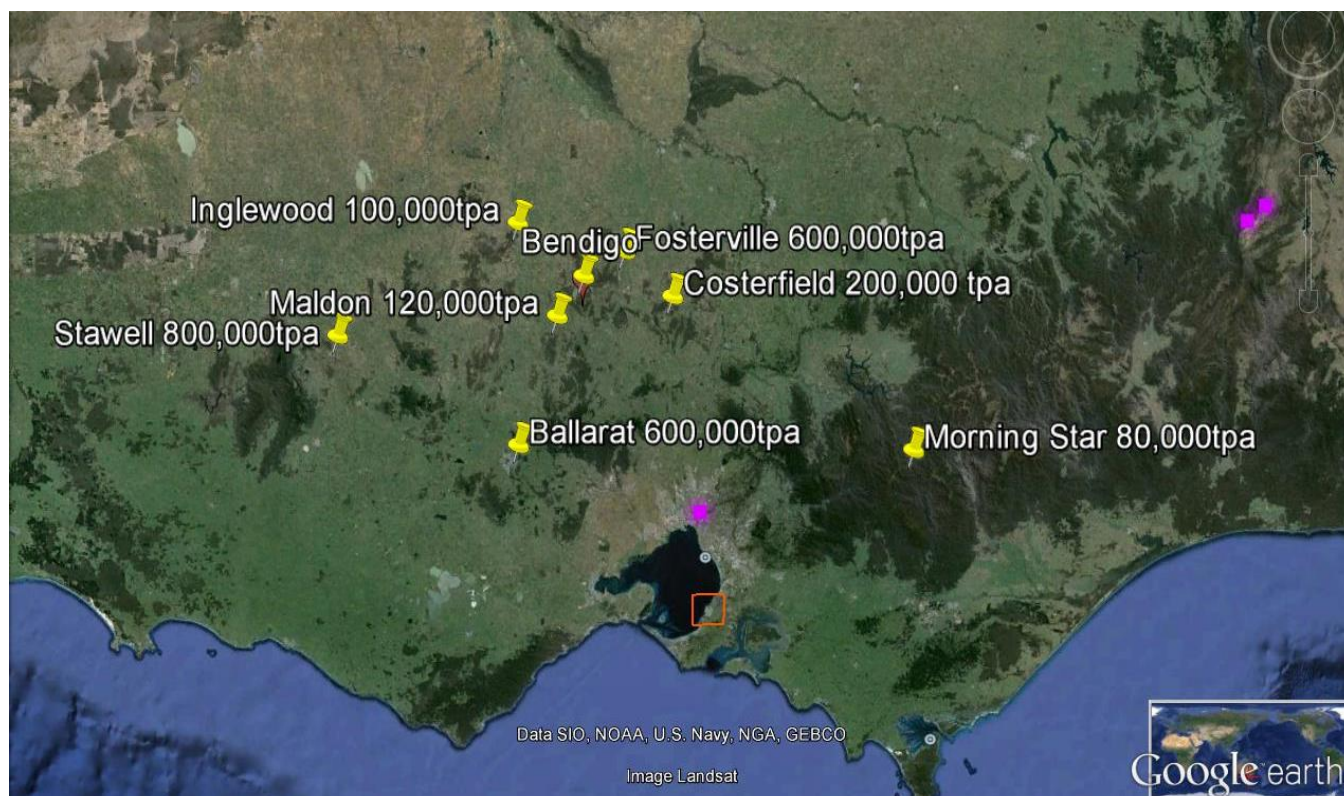


Figure 3 - Six gold processing plants within an economic ore haul distance of Bendigo

ENDS

About GBM Gold Ltd (ASX: GBM)

GBM Gold is a gold focused mining and exploration company with mining and exploration assets located one of Australia's most significant gold producing regions; the Central Victorian Goldfields.

GBM Gold purchased the Bendigo Goldfield, Australia's second largest goldfield. The Company is targeting projects to develop long term sustainable mining to fund the Company's growth. Recent work has centred on the Bendigo Goldfield and the Harvest Home deposit located north-east of Dunolly in the Golden Triangle area of Central Victoria. Harvest Home, in which GBM has a 50% equity interest, and the adjacent Queen's Birthday will continue to be developed together with tailings projects on the Bendigo Goldfield.

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

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