GBM Gold Ltd

ACN: 119 956 624

Annual Report and Financial Statements

For the Year Ended

30 June 2017

Contents

Company Information

Registered Office

66 Ham Street Kangaroo Flat

BENDIGO, Victoria, Australia 3555

Telephone: 03 5445 2300

Auditors

ShineWing Australia

Level 10, 530 Collins St

MELBOURNE, Victoria, Australia 3000

Telephone: 03 8635 1800

Share Registry

Computershare Investor Services Pty Ltd

MELBOURNE, Victoria, Australia 3000

Telephone: 1300 850 505

Stock Exchange Listing

Australian Stock Exchange — Code: GBM

Chairman's Letter

Dear Shareholders,

The 2017 financial year has been another busy year for your Company. Despite the continued active development and investment in the Company's long-term strategy following the acquisition of the Bendigo goldfield with historic gold production of 22 million ounces, we not yet been able to derive significant revenue.

The Company's strategy is to maximise the value of the acquired Bendigo Assets by capitalizing on several 'low hanging fruits' that came with the acquisition to provide a low-cost start-up to fund recommencement of production in Bendigo. The 'low hanging fruits' that would provide your Company with significant revenue included (a) the tailings stored at the Kangaroo Flat sand dam from previous mining operations that is estimated to contain 5,100 ounces of gold (b) sale of the Kangaroo Flat Gold Processing Plant that was identified as not being suitable for the scale of future operations and (c) remnant tailings in Bendigo.

An important step in the implementation of the board's strategy was taken post financial year end when the Company entered into an agreement with Australian Mineral Exporters Pty Ltd for the sale of the 600,000tpa Kangaroo Flat Gold Processing Plant for $6.2 million. The sale of the plant turns a redundant asset into capital that will be used to reduce debt and advance the Company's projects. The first tranche payment has been received and the full consideration is expected to be received by early calendar 2018.

Another step in the strategy is to use the Company's existing open pit mines, tailings and other resources to generate positive cash flow. This was expected to be implemented in 2016 but the objective will not be achieved until end 2017 as plans submitted to the Regulators for a larger scale open pit mine development on the Harvest Home JV project have not been approved in a timely manner. There have also been similar delays on the Kangaroo Flat Sand Dam project.

Since acquiring the Bendigo tenements our geological team have been reassessing the extensive geological and drilling database developed by the former holders of the mineral tenements. This work has identified a number of geological targets. The previous owner constructed the Swan decline to access the significant resource potential they had identified below the main historical workings. The initial targets are accessible from this major piece of infrastructure. An exploration strategy to test the first target, the Nell Gwynne Dome has been developed to test and potentially exploit this target.

Your Board would like to acknowledge and thank all of its loyal shareholders (old and new), our Joint Venture Partner, our hard-working technical team and our Corporate team for everything they have done collectively for the Company in 2017, as the Company positions itself to effectively develop gold assets to deliver long term sustainable growth for the Company and value for our shareholders.

Yours faithfully,

Frederick Eric JP Ng Chairman

GBM Gold Ltd

27 September 2017

GBM's corporate strategy is to develop a profitable and sustainable gold mining operation. The Bendigo Gold Project presents new opportunities for the Company. GBM Gold has four mining licences, five exploration licences and a 50% Joint Venture interest in a Mining licence (see table below and Figure 1).

Project	Tenement	Percentage owned
BENDIGO GOLDFIELD		
Greater Bendigo	MIN 5344	100%
Whip & Jersey	MIN 4878	100%
Woodvale	MIN 5364	100%
Bendigo Urban	EL 3327	100%
Wilson Hill	EL 5527	100%
GOLDSBOROUGH		
Harvest Home JV	MIN 5510	50% Interest through JV between Truelight Mining Pty Ltd and GBM
Queen's Birthday	EL 5528	100%
Wehla	EL006369	100%
McIntyre	MIN 5093	0% Transfer Pending
FIDDLERS CREEK		
Fiddlers Creek Mine	EL 006155	0% Pending

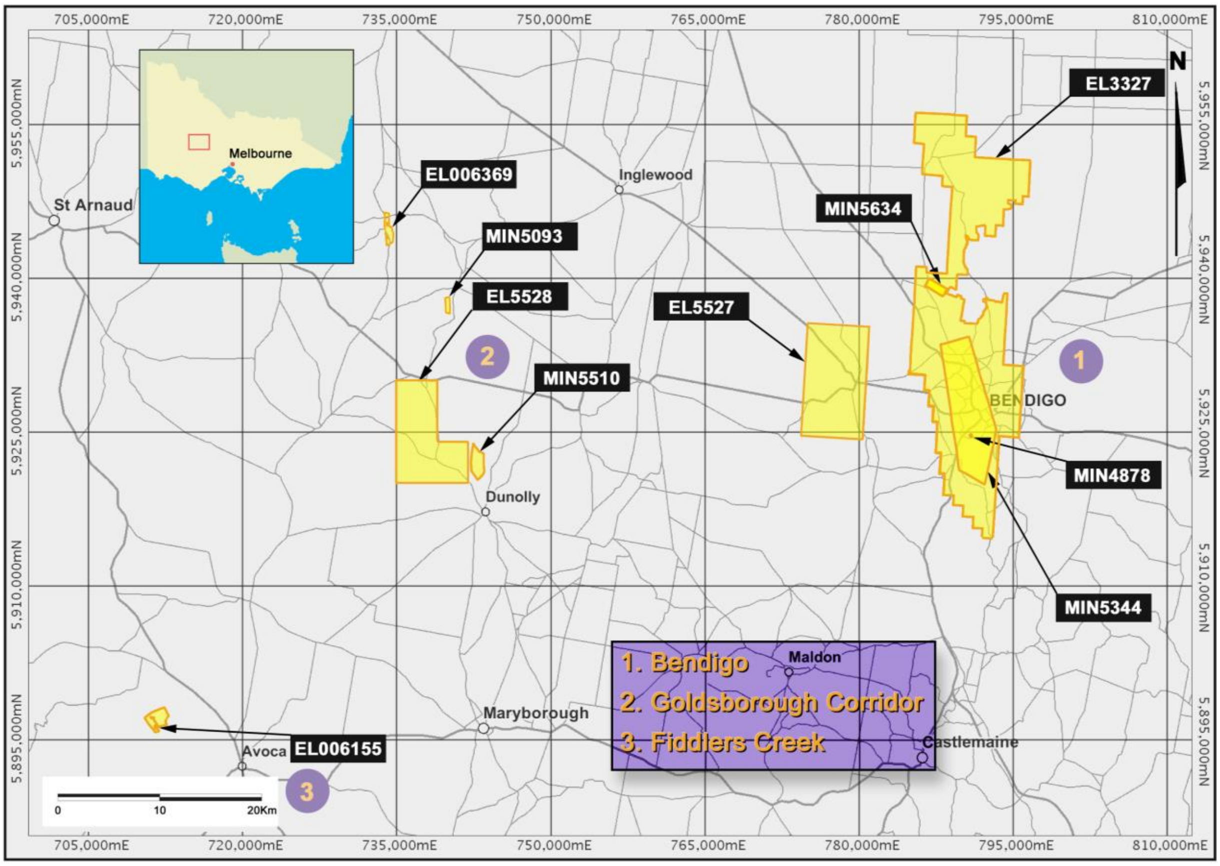

Figure 1: GBM Gold Projects

Bendigo Project (MIN5344, MIN 5364, MIN 4878, EL 3327, EL5527)

The Bendigo Goldfield is Australia's second richest goldfield behind Kalgoorlie's Golden Mile. Between 1851 and 1954 the Bendigo Goldfield produced in excess of 18 million ounces from underground mining of in excess of 40 million tonnes of 'quartz reef'. At least 4 million ounces of alluvial gold were recovered from the region's creeks and gullies. The Bendigo Goldfield was, by far, the richest goldfield in Victoria.

The most productive portion of the Bendigo Goldfield lies in an envelope some 16 kilometres long by 4 kilometres wide. Within this zone seventeen major anticlines occur, twelve of which account for the bulk of the hard rock gold production on the Bendigo Goldfield. The most productive anticlines (those producing more than 500,000 ounces each) are Garden Gully, New Chum, Hustlers, Sheepshead, and Carshalton.

The Bendigo field is one of bonanzas. Instead of large bodies of uniform grade ore the gold at Bendigo is relatively coarse and occurs in shoots of great richness and sometimes great length in reefs of otherwise nearly barren quartz. The Bendigo reefs recur generally one below the other at irregular intervals, and in many cases one bonanza is sufficiently rich to provide a large net profit over the whole life of the mine.

The Bendigo Goldfield consists of many individual reefs. Most of the reefs are small in cross-section (though sometimes with considerable continuity along strike). Some large saddle/fault reefs and spur zones were mined and remnant ore is likely to exist in and around historic workings at favourable locations.

Nell Gwynne Dome

The focus of underground exploration will be Nell Gwynne Dome in the vicinity of the historic Concord Mine. In 1998 Bendigo Mining commenced a decline from the Kangaroo Flat site which bridged eight anticlines, including the Nell Gwynne Anticline. Decline development passed within 50 metres of the Concord workings at a depth of approximately 180m below ground level (Figure 2). The area of the decline adjacent to the Concord Mine is above the current mine water level and only requires the reinstatement of the decline before work can commence.

Historical research suggests that a structure worked in the historic Concord Mine may correspond with a structure that was worked profitably in the Central Nell Gwynne mine further to the north (Figure 3). This structure is estimated to be within tens of metres of the decline in an area of pitch reversal and double folding. This type of structural complexity tends to favour the development of discrete mineralisation.

This project has two stages. The initial stage consists of reinstating services in the Swan Decline to the location of the Nell Gwynne Anticline and undertaking approximately 1,000m of reconnaissance drilling. With positive results from the reconnaissance drilling, up to 300m of new lateral development would be undertaken to provide platforms for resource definition drilling. It is anticipated that there would be approximately 3,000m of resource definition drilling.

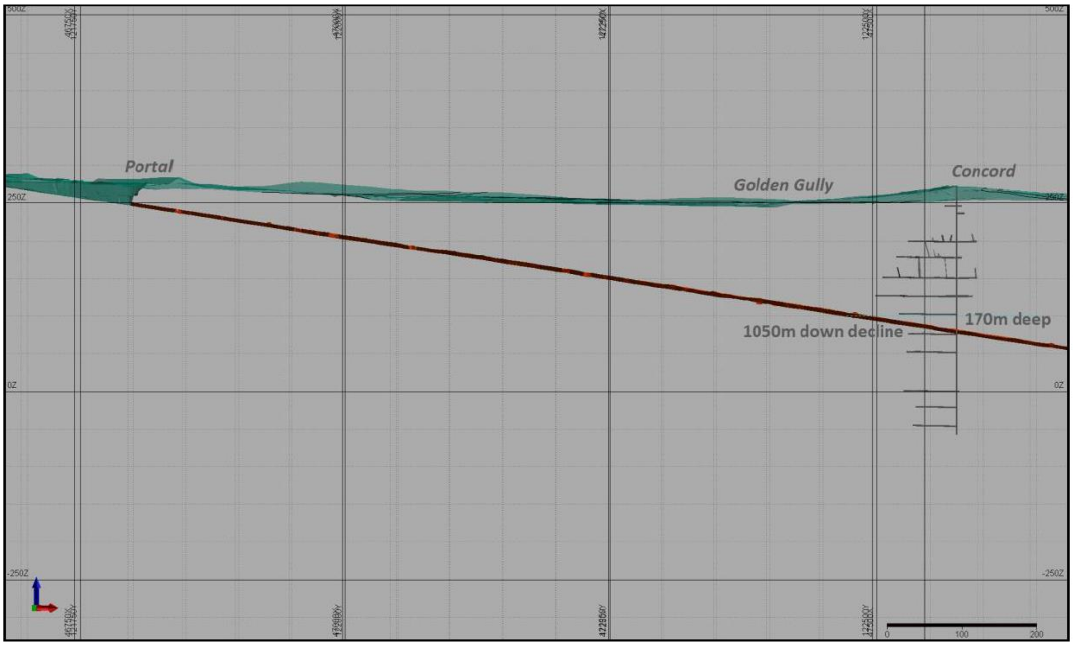

Figure 2: Nell Gwynne Dome Target Location

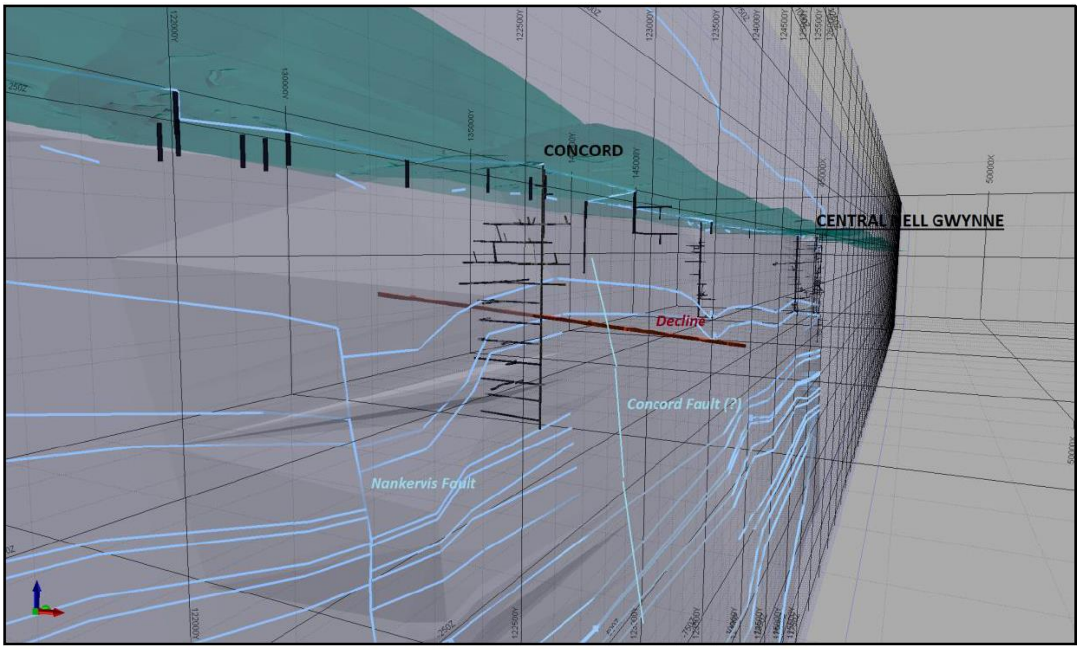

Figure 3: Nell Gwynne Dome Exploration Area

Nell Gwynne Dome Geology

At chainage 1,100m in the decline, stratigraphy is dominated by interbedded units with lesser, well defined sand and shale packages. The hinge zone of the Nell Gwynne anticline is a sand dominant package at the development horizon and the sands are strongly fractured (especially just into the eastern limb) at the anticline. As reported in the March 2017 Quarterly report, the geology is favourable for intersecting a large saddle reef to the north of the decline position.

Kangaroo Flat Sand Dam Project

The Kangaroo Flat Gold Processing Plant which operated between 2006 and 2011 had total gold recovery of 93% with 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 has revealed appreciable quantities of free gold and gold bearing sulphides in the coarse sand dam.

Gravity processing equipment from Malaysia to wash the sand and recover associated gold is being sourced. As well as recovering gold, the washing and concentrating process reduces deleterious materials such as heavy metals and slimes. It is planned to process the sand over a period of two to three years.

Data from a drill program carried out by GBM in October 2015 was used to estimate the quantities of gold in the dam as reported in the March 2017 Quarterly Report. The sand dam is estimated to contain a mineral resource, (see table below), of 430,000 tonnes of material containing 5,100 ounces of gold at a grade of 0.37 g/t above a lower cut off of 0.15 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.

Volume	Tonnes	Au (g/t)	Au (Oz)	Classification
190,000	320,000	0.38	3,900	Indicated
63,000	110,000	0.35	1,200	Inferred
250,000	430,000	0.37	5,100	Total

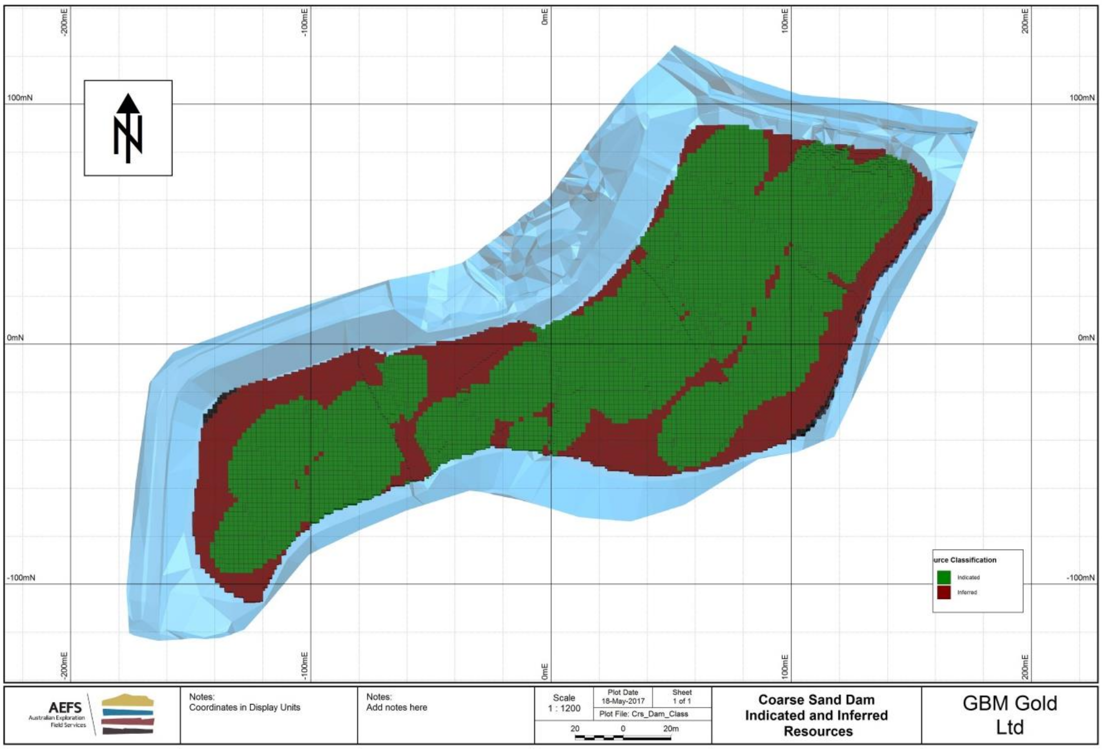

Figure 4: Indicated and Inferred Resources, Kangaroo Flat Coarse Dam, Plan View.

Goldsborough Corridor Gold Projects (MIN 5510, EL 5528 and EL 006369)

The Goldsborough Corridor Gold Project is located 10km northwest of Dunolly and 192 km from Melbourne via the Dunolly-Moliagul Road in Central Victoria. The project is at the southern termination of the 24 km long Goldsborough–Wehla Shear Zone which is part of the Wedderburn-Ballarat line.

Harvest Home (MIN 5510, 50% Joint Venture with Truelight Mining Pty Ltd)

Harvest Home is on Mining Licence MIN 5510 and is located approximately 5 kilometres north of Dunolly in Central Victoria. The tenement encompasses the historic Harvest Home Goldfield. A broad zone of gold mineralisation trends north-northwest through the licence area, approximately 3.5 km long and up to 0.4 km wide. Moran's Luck, Harvest Home, Mother O'Gold and Appleton's production centres are estimated to have produced in excess of 60,000 ounces (1,860kg) of gold between them (Whitehouse and Watts 2009). The approvals processes for the development of a production pit that will encompass and extend the existing bulk sample pit is still proceeding. Approximately 44,000 tonnes of ore at an estimated grade of 2.46g/t will be excavated in the next phase of the operation. Contiguous with this, a selective program of costeaning and in-fill drilling will build resource potential at Harvest Home and other prospects on the tenement. Mining will be conventional drill & blast utilising hydraulic excavator and articulated trucks. Ore will be hauled from the pit to a stockpile location on site for progressive transfer to an offsite processing facility.

Figure 5: Excavating Bulk Sample Pit at Harvest Home

Queens Birthday (EL 5528)

Queens Birthday is adjacent to Harvest Home. It also part of the Goldsborough – Wehla Shear Zone. It contains the Queen's Birthday mine that historically yielded about 100,000 ounces of primary gold mineralisation and has the potential to expand the resources found on the Harvest Home tenement. A field exploration survey has been carried out on the tenement to identify the most promising exploration targets. This is the most comprehensive survey that has been carried out on this area for many years. It is identifying a number of targets that have similarities to Harvest Home.

Wehla (EL 006369)

Wehla is a shear hosted gold mineralised system that lies at the northern end of the Goldsborough – Wehla Shear Zone. The main gold workings consist of north trending auriferous reefs; Adelaide, Prince of Wales, Frenchman's, Petticoat, Black, Bismarck and Little Nell. Additional lines of auriferous reefs (Scotchman's and Hungarian) occur between 50 and 200 metres to the east. Recorded production from the Wehla Goldfield is approximately 100,000 ounces of gold.

The Prince of Wales Mine is the largest in the field and produced more than 60,000 ounces of gold from a series of drives following a large mineralised quartz channel (known as the 'Big Quartz'). Quartz spurs projected into strata on the footwall and the highest gold concentrations were at the intersection of the quartz spurs and 'indicator' shales. The Company is developing an exploration plan for the site.

Summary

GBM is moving to improve its production capacity and is also focused on growing its Resource base.

John Harrison, Director and CEO

27 September 2017

Competent Person Declaration

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Keith Whitehouse, who is a Member of The Australasian Institute of Mining and Metallurgy and a Chartered Professional in Geology. Mr Whitehouse has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Whitehouse consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

ASX Additional Information

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this Annual Report is set out below. The information is current to 27 September 2017 and has not been audited.

As at the date of this report GBM Gold Ltd had one class of securities being ordinary fully paid shares. Ordinary shares have a single vote for each share held. No ordinary shares are restricted.

Substantial Shareholders

The Substantial Shareholders as Notified to the ASX are Shown Below.

Substantial Shareholder	Voting Shares	Voting Power	Date of Notice
Silver Bright International Development limited	200,000,000	18.77%	4.7.16
Chasen Holdings Limited	75,622,500	8.00%	4.1.16
Mr Paul Chan (Non-executive Director)	79,157,041	9.51%	30.9.14
Silver Bright Investments Limited			

Distribution of Shareholders

Range	Ordinary Shares
1 – 1,000	20
1,001 – 5,000	48
5.001 – 10.000	108
10,001 – 100,000	325
100,001 and over	194
Total Shareholders	695

Holders of Non-Marketable Securities

There are 381 shareholders holding less than a marketable parcel of ordinary shares based on the market price of 1.0c at 27 September 2017.

Names of 20 Largest Holders by Quoted Security

Holders of Quoted Ordinary Shares (as at 27 September 2017)

Rank	Name	Units Held	% of Issued Capital
1	Minex Boom Securities (HK) Ltd	204,833,733	18.32
2	Silver Bright International Development Limited	200,000,000	17.88
3	JP Morgan Nominees Australia Limited	79,055,210	7.07
4	Pershing Australia Nominees Pty Ltd	77,640,153	6.94
5	Chasen Holdings Ltd	75,622,500	6.76
6	Citicorp Nominees Pty Ltd	59,370,312	5.31
7	Sterlington Resources Ltd	47,916,667	4.28
8	Ganesha Capital Holdings Limited	40,000,000	3.58
9	Worldwise Gateway Co Ltd	36,534,612	3.27
10	MS VV Limited	33,333,333	2.98
11	HSBC Custody Nominees (Australia) Limited	25,535,342	2.28
12	Yan Zhang	25,000,000	2.24
13	Hoi Kwong Paul Chan	16,200,000	1.45
14	P & H August	10,000,000	0.89
15	Golden Nugget Resources	10,000,000	0.89
16	T & T Vlahos	10,000,000	0.89
17	A Hallberg	6,717,667	0.60
18	A Mounas	6,500,000	0.58
19	Chan Nominees No1 Pty Ltd	6,000,000	0.54
20	Taraglow Pty Ltd	4,800,000	0.43
Total		975,059,529	87.19%

Options

There were no options on issue at year end and none were issued subsequently to year end and up to the date of this report.

Directors

The directors present their report together with the financial report of GBM Gold Ltd ('GBM' or 'the Company') and of the Group, being the Company, its subsidiaries and its interest in associates and jointly controlled entities for the financial year ended 30 June 2017 and the Auditor's report thereon.

The directors of the Company at any time during or since the end of the financial year are:

Mr Eric J P Ng

Non-Executive Chairman (2010 – present)

Eric has been the Principal Consultant of Chadway Management Service Pty Ltd since 1982. He is responsible for providing operational management, planning and executing growth strategies, merger and acquisitions activities and corporate finance services to companies in Singapore and the region including Australia. He also advises on business growth and globalisation strategies, capital market and corporate governance issues and is an active capital market intermediary matching capital with business. Chadway also provides advisory services for companies in their listing via an Initial Public Offering or a Reverse Takeover on a stock exchange in the region such as SGX and ASX.

Eric is currently the Chairman of Chasen Holdings Ltd (listed on the Singapore Exchange), and the Executive Director of Ephraim Resources Ltd, (both listed on the Australian Securities Exchange). At Chasen Eric chairs the Audit Committee and is a member of the Remuneration and Nominations Committees.

Eric is also active in various societies and institutions, being a member of the Singapore Institute of Directors and a Fellow of the Singapore Human Resource Institute. He also served as District Governor for Singapore of Lions Clubs International from 2002 to 2003.

Mr Paul Chan

Non-Executive Director (2011 - present)

Paul has accumulated over 30 years of experience investing and operating businesses in China, Asia and the US. With his extensive business background and knowledge in the Asia Pacific region, Paul joined Prestige International Investment Ltd, an investment banking firm based in the US, in 1996, in charge of project investment in Asia.

Paul joined Yorkshire Capital Limited as Project Director in 2001. He has been responsible for accessing project feasibility, corporate restructuring, business and financial advisory for various projects. In recent years, Paul has been focusing on gold mining projects and has been involved in reviewing, accessing, structuring, advising and fund raising for mining projects in base metals and other natural resources worldwide.

Mr John Harrison

Executive Director & CEO (2013 - present)

John was appointed to the Board on 22 May 2013. John is a mining engineer with extensive experience in mining and exploration in Victoria, South Australia, Queensland, New South Wales, Tasmania, Western Australia and New Zealand. John's expertise is in management, project evaluation, planning and mining operations. He has managed companies, engineering and operational teams, operated open pit mines, evaluated exploration and mining projects and lectured in mining engineering. He is a Member of the Institution of Engineers (Australia) and a Fellow of the Australasian Institute of Mining and Metallurgy.

Mr Andy Lai

Independent Non-Executive Director (2011 - present)

Andy was appointed to the Board on 17 October 2011. Andy, Managing Director of Yorkshire Capital Limited a merchant bank operation since 1993, has been responsible for numerous IPO and RTO cases worldwide and numerous M&A and financing projects with total value of over US$3 billion. In recent years, his focus has been on mining and resources business covering financing, investment & M&A initiatives. He is an MBA from the Chinese University of Hong Kong.

Ms Linda Lau

Independent Non-Executive Director (2013 – present)

Linda was appointed to the Board on 9 July 2013. Ms Lau has a Bachelor of Arts Asian Studies and a Diploma of Business communications and has experience in commercial and corporate practice in Australia and China and has been an Australian citizen for forty five years. Ms Lau has had an interesting career having served as a senior consultant and executive for major Australian and international corporations and in particular resources and mining companies. Ms Lau does not hold any other listed company directorships.

Ms Jianping Wang,

Non-Executive Director (2016 – present)

Jianping was appointed to the Board on 4 November 2016. Ms Wang has a Bachelor of Business Administration from the Guangdong Business School. Ms Wang has a wealth of experience in the mining and finance sectors. Ms Wang is an experienced manager and investor with over 30 years experience investing and operating companies and businesses in Greater China and Hong Kong. Ms Wang has been involved in the mining sector since 1999 and more recently has been a consultant with an investment company with resource projects in China.

Mr Andrew Chan

Independent Non-Executive Director & Company Secretary (2014 – present)

Andrew was appointed to the Board on 1 July 2014 and has held the position of Company Secretary since 9 July 2013. Mr Chan holds a Bachelor of Arts and a Bachelor of Laws degrees. Mr Chan's background is as a corporate and commercial lawyer for 10 years. He has worked both in private practice and in-house in the resources sector, in a variety of roles. Mr Chan has advised a number of Australian and international companies in the resources sector.

Directors Who Resigned During The Year

Nil

Company Secretary

Mr Andrew Chan – refer to Directors section above.

Directors' Meetings

Refer to the Directors section above for details of when directors were appointed or resigned.

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by Directors (while they were a Director or committee member).

	Board Meetings		Audit Committee Meetings	
Director	Attended	Held	Attended	Held
Mr E JP Ng	7	7	2	2
Mr P H K Chan	7	7	-	-
Mr J Harrison	7	7	-	-
Mr A Lai	7	7	2	2
Ms L Lau	6	7	-	-
Mr A Chan	7	7	-	-
Ms J Wang	4	4	-	-

Corporate Governance Statement

This statement outlines the main corporate governance practices in place throughout the financial year which comply with the ASX Principles of Good Corporate Governance and Best Practice Recommendations (2008) and Amendments 3rd Edition (2014), unless otherwise stated.

The Company has a corporate governance section on the website at www.gbmgold.com.au. The section includes details of the Company's Corporate Governance Statement for the year ended 30 June 2017, approved by the Board. It also includes details on the company's governance arrangements and copies of relevant policies.

Remuneration Report

Principles of Compensation

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. Key management personnel comprise the directors of the Company and the executives of the Company and the Group including the most senior managers.

Remuneration levels for key management personnel of the Company and the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives. The board seeks as it deems necessary independent advice on the appropriateness of remuneration packages of both the Company and the Group given trends in comparative companies both locally and internationally and the objectives of the Company's remuneration strategy.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel
- the key management personnel's ability to control their relevant areas performance
- the Group's performance including:
    - the Group's earnings;
    - the growth in share price and delivering constant returns on shareholder wealth; and
    - the amount of incentives within each key management personnel’s remuneration.

Remuneration packages in place for the period of this report were of a fixed nature only, with no short-term bonuses issued to senior executives.

Fixed Remuneration

Fixed remuneration consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the board through a process that considers individual and overall performance of the Group. A senior executive's compensation is also reviewed on promotion.

Performance Linked Remuneration

Performance linked remuneration includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The Company does not currently reward key management personnel for meeting or exceeding their financial and personal objectives.

Short-term Cash Bonus

Despite having no formal structure for rewarding key management personnel for meeting or exceeding their financial and personal objectives the board reserves the right to issue a cash bonus for exceptional performance.

The board considers the cash bonus to be paid to the individuals and chooses an amount which fairly recognises the individuals' contribution.

No short-term cash bonuses were paid during or since the end of the financial year.

Consequences on Performance on Shareholders Wealth

In considering the Company and Group performance and benefits for shareholder wealth, the board takes into account profitability and share price movements of the Company when setting the total amount of remuneration.

Other Benefits

Key management personnel can receive additional benefits of up to $1,000 per month as non-cash benefits, as part of the terms and conditions of their appointment. Non-cash benefits typically include payment of club membership or motor-vehicle expenses and key management personnel pay fringe benefits tax on these benefits as appropriate.

There are no loans to directors or key executives at year end.

Service Contract

It is the Group's practice to enter into service contracts for key management personnel, including the Chief Executive Officer. The key management personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave.

The service contract outlines the components of remuneration paid to the key management personnel but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the remuneration policy.

Mr John Harrison's employment contract specifies the duties and responsibilities of the Chief Executive Officer and expires in December 2018. The current contract can be terminated with three months' notice by either party.

Non-executive Directors

Total remuneration for all non-executive directors, is not to exceed in aggregate $200,000 per annum. Shares issued to non-executive directors were approved at the 2016 AGM to Mr Andrew Chan and Ms Linda Lau at nil value, in lieu of director fees for the FY17 period. These directors do not currently receive fees for their services as directors of the company and are not substantial shareholders in the company.

A director may also be paid fees or other amounts as the board determines for a director who performs with the board's prior approval special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for reasonable out of pocket expenses incurred as a result of their directorship or any special duties.

Key Management Personnel ('KMP') Remuneration

Executives		Salary & Fees	Non- monetary benefits*1	Post employment benefits	Termination benefits	Share based payments – shares	S300A(1)(e)(i) Proportion of remuneration performance related	S300A(1)(e)(vi) Value of shares as proportion of remuneration%
Directors								
Mr J Harrison (Director & CEO)	2017	182,648	-	17,352	-	-	-	-
	2016	182,648	-	17,352	-	20,000	-	9.1%
Mr P HK Chan (Non-Executive Director)	2017	-	-	-	-	-	-	-
	2016	-	-	-	-	15,000	-	100%
Mr A Lai (Non-Executive Director)	2017	-	-	-	-	-	-	-
	2016	-	-	-	-	15,000	-	100%
Mr E JP Ng (Non-Executive Chairman)	2017	-	-	-	-	-	-	-
	2016	-	-	-	-	15,000	-	100%
Ms L Lau (Non-Executive Director)	2017	-	-	-	-	30,000	-	100%
	2016	-	-	-	-	15,000	-	100%
Mr A Chan (Non-Executive Director & Company Secretary)*2	2017	48,000	-	-	-	30,000	-	38%
	2016	30,000	-	-	-	30,000	-	50%
Ms J Wang (Non-Executive Director)	2017	-	-	-	-	-	-	-

*1 Non-monetary benefits include the provision of motor cars and accommodation.

*2 Company secretarial fees.

Modification of Terms of Equity-Settled Share-based Payment Transactions

No terms of equity settled share-based payment transactions (including options and rights granted as remuneration to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

Exercise of Options Granted as Compensation

During the reporting period, no shares were issued on the exercise of options previously granted as remuneration.

KMP Options and Rights Holdings

There were no options over shares held by each KMP of the Group during the 2017 or 2016 financial years.

KMP Shareholdings

Number of ordinary shares in GBM Gold Ltd held by each KMP of the Group during the financial year is as follows:

30 June 2017	Balance Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes During the Year†	Balance at end of Year
Directors					
Mr J Harrison	2,000,000	-	-	-	2,000,000
Mr E JP Ng	77,271,000	-	-	-	77,271,000
Mr P Chan	80,657,041	-	-	-	80,657,041
Mr A Lai	27,035,342	-	-	-	27,035,342
Mr L Lau	1,500,000	3,000,000	-	-	4,500,000
Mr A Chan	3,000,000	3,000,000	-	-	6,000,000
Ms J Wang*1	200,000,000	-	-	-	200,000,000
	391,463,363	6,000,000	-	-	397,463,383

† Net Change Other refers to shares purchased or sold during the financial year.

*1 Ms J Wang was appointed as a director of GBM Gold Ltd on 4 November 2016 and is a director of Silver Bright International Development Limited.

30 June 2016	Balance Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes During the Year†	Balance at end of Year
Directors					
Mr J Harrison	-	2,000,000	-	-	2,000,000
Mr E J P Ng	75,771,000	1,500,000	-	-	77,271,000
Mr P Chan	79,157,041	1,500,000	-	-	80,657,041
Mr A Lai	25,535,342	1,500,000	-	-	27,035,342
Ms L Lau	-	1,500,000	-	-	1,500,000
Mr A Chan	-	3,000,000			3,000,000
	180,463,383	11,000,000	-	-	191,463,383

† Net Change Other refers to shares purchased or sold during the financial year.

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above and note 23.

Consequences of Performance on Shareholders Wealth section

The following table shows the net profit and dividends for the last *five* years for the Group, as well as the share price at the end of the respective financial years.

	2013	**2014**	**2015**	**2016**	**2017**
Net profit/(loss)	$(2.9m)	($5.0m)	($1.9m)	($1.1m)	($1.3m)
Share price at year end	$0.016	$0.006	$0.005	$0.011	$0.009
Dividends paid	0.0c	0.0c	0.0c	0.0c	0.0c

END OF AUDITED REMUNERATION REPORT

Principal Activities

The principal activities of the Group during the financial year were:

1. Testing of the coarse sand dam, and progressing plans to excavate the coarse sand, wash the sand and recover the gold were undertaken during the year. Further details of future works are contained in the strategies and prospects for future financial years below.
2. Negotiating and finalising the key components of the sale of the Kangaroo Flat Gold Processing Plant for $6.2 million with Australian Mineral Exporters Pty Ltd. (Refer to the events subsequent to reporting date below for further detail.)
3. Undertaking studies to establish near term exploration targets on the Bendigo goldfield. The studies have revealed a potential payable orebody on the Nell Gwynne anticline. The exploration target is in the vicinity of the existing decline and approximately 1km from the portal.
4. Completing the approvals process for the development of an open pit mine at the Harvest Home project.
5. There were no significant changes in the nature of the activities of the Group during the year other than what has been outlined above.

Objectives

The objective of the Company is to become a mid-tier gold producer.

Operating and Financial Review

The Group focussed on obtaining regulatory approvals for the Harvest Home Open Pit mine project throughout the financial year. Planning for expansion of the pit into a larger project is proceeding and will be refined with results from drilling and the bulk sample.

Continued testing of the coarse sand dam at the Kangaroo Flat Mine progressed and further work on plans to excavate, wash and recover the gold from the sand were completed during the year.

Exploration studies were undertaken on the Bendigo goldfield and a near term target on the Nell Gwynne anticline was revealed.

The completion of the sale of the Kangaroo Flat Gold Processing Plant for $6.2 million was a major achievement for the Company. The sale proceeds will assist with the repayment of the Unity Mining Limited loan and provide the company with working capital for the commencement of the Harvest Home Open Pit mine project and the Kangaroo Flat Mine sand gold recovery project.

Strategies and Prospects for Future Financial Years

The likely developments in the finances and operations of the Group are as follows:

- As announced to the ASX on the 27th July 2017, GBM Gold has entered into an agreement to sell the Kangaroo Flat Gold processing plant for $6,200,000 to Australian Mining Equipment Exporters Pty Ltd. The plant will be exported to a project in Guinea, West Africa in the second or third quarters of 2018. The first tranche of the sale proceeds of $1,450,000 was received by GBM on the 27th July 2017. The remaining tranches are $2,400,000 on the 1st December 2017, $2,300,000 on the 30th January 2018 and $50,000 on the 30th June 2018. $2,075,000 from the proceeds of the sale will be paid to Unity Mining Limited ('Unity') to reduce the loan liability amount owing to Unity as per the Bendigo asset sale agreement.

- The Company plans to excavate the coarse sand dam at the Kangaroo Flat Mine Site, wash the sand and recover the gold. It is planned to sell the sand product into the local market. Gold processing equipment from Malaysia to wash the sand and recover associated gold is being sourced. It is planned to process the sand over a period of two to three years. 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 above a lower cut off of 0.15 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 Company is developing plans to explore the potential for a payable orebody on the Nell Gwynne anticline in the vicinity of the existing decline. The initial stage consists of reinstating services in the Swan Decline to the location of the Nell Gwynne anticline which is approximately 1km from the portal, and undertaking reconnaissance drilling.

- The Company is completing the approvals processes for the development of an open pit mine at Harvest Home. The pit will encompass and extend the existing bulk sample pit. Approximately 44,000 tonnes of ore at an estimated grade of 2.46g/t will be excavated in the next phase of the operation.

Review of Principal Businesses

The Group's principal business is gold exploration and production.

State of Affairs

The following significant changes in the state of affairs of the Group during the period of the report year, other than those referred to elsewhere in this report, are detailed below.

- The Company issued 80,000,000 shares at a price of $0.01 per share to sophisticated investors to raise $800,000 in July 2016 to provide working capital.

- The Company issued 36,534,612 shares at a price of $0.012 per share to settle a 2012 $375,000 loan from Sterlington Resources plus interest in December 2016.

- A short term loan of $1,100,000 was provided by Silver Bright International Development Limited in May 2017 to assist with the second bond instalment payment of $1,100,000 to Unity Mining as per the Asset Sale Agreement for the purchase of the Bendigo Goldfield. $550,000 of the short term loan was repaid in August 2017 and the remaining $550,000 is due to be repaid in December 2017.

Controlled Entities List

	ACN	Percentage Owned 30 June 2017	Percentage Owned 30 June 2016
Controlling Entity			
GBM Gold Ltd	119 956 624	–	–
Controlled Entities			
Goldsborough Mining Pty Ltd	072 849 220	100%	100%
GBM Fiddlers Creek Pty Ltd	119 943 421	100%	100%
GBM Wilson Hill Pty Ltd	007 287 452	100%	100%
Kralcopic Pty Ltd	007 222 086	100%	100%
GBM Avoca Pty Ltd	129 861 123	-	100%
Industrial Sands & Gravel Pty Ltd	072 258 158	-	100%
Greater Bendigo Gold Mines Pty Ltd	116 991 691	100%	100%

Dividends

No dividends have been paid or provided for in the period of this report or since balance date.

Events subsequent to reporting date

The following material events occurred after 30 June 2017.

As announced to the ASX on the 27th July 2017, GBM Gold has entered into an agreement to sell the Kangaroo Flat Gold processing plant for $6,200,000 to Australian Mining Equipment Exporters Pty Ltd. The plant will be exported to a project in Guinea, West Africa in the second or third quarters of 2018. The first tranche of the sale proceeds of $1,450,000 was received by GBM on the 27th July 2017. The remaining tranches are $2,400,000 on the 1st December 2017, $2,300,000 on the 30th January 2018 and $50,000 on the 30th June 2018. $2,075,000 from the proceeds of the sale will be paid to Unity Mining Limited ('Unity') to reduce the loan liability amount owing to Unity as per the Bendigo asset sale agreement.

$550,000 of the $1,100,000 short term loan that was provided by Silver Bright International Development Limited was repaid in August 2017. The remaining $550,000 of the short term loan is due to be repaid in December 2017.

There were no other significant events after balance date which impacted the operations of the Group.

Indemnification of Insurance of Officers and Auditors

Indemnification

The Company has agreed to indemnify the following current directors of the Company, Messrs J Harrison, P HK Chan, A Lai, E JP Ng, Ms L Lau, Mr A Chan and Ms J Wang the current and past directors of its controlled entities and each officer or past officer of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors or officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses to a limit of $5,000,000 for any one claim or in aggregate for all directors of the Company.

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related body corporate against a liability incurred by the auditor.

Insurance Premiums

For the 30 June 2017 financial year the Company has paid insurance premiums of $25,630 in respect of directors' and officers' liability and legal expenses' insurance contracts, for current and former directors and officers, including senior executives of the Company and directors, senior executive and secretaries of its controlled entities.

Non-audit Services

No non-audit services were provided by the external auditors during the financial year.

Auditor's Independence Declaration

The auditor's independence declaration is set out on page 23 forms part of the Directors' Report for the financial year ended 30 June 2017.

This report is made in accordance with a resolution of the directors:

Frederick Eric J P Ng	John Harrison
Chairman	Director & CEO
27 September 2017	

ShineWing Australia
Accountants and Advisors
Level 10, 530 Collins Street
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shinewing.com.au

Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the directors of GBM Gold Limited and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

ii) No contraventions of any applicable code of professional conduct in relation to the audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

M. Schofield

Matthew Schofield
Partner

Melbourne, 27 September 2017

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	2017	2016
		$	$
Revenue	5	-	89,977
Other income	5	690,819	197,927
Bendigo project care & maintenance expenses		(1,051,137)	-
Depreciation and impairment expenses	6	(16,631)	(234,786)
Interest		(13,997)	(15,042)
Share based payments	21	(60,000)	(110,000)
Administrative expenses	6	(1,072,292)	(999,809)
Results from continuing activities		**(1,523,238)**	**(1,071,733)**
Income Tax Expense	4	-	-
Loss for the year from continuing operations		**(1,523,238)**	**(1,071,733)**
Profit /(loss) from discontinued operations	7	207,069	-
Other comprehensive income		-	-
Total Comprehensive Loss for the half year		**(1,316,169)**	**(1,071,733)**
Earnings per share:			
From continuing and discontinued operations:			
Basic earnings per share (cents per share)		(0.001)	(0.001)
Diluted earnings per share (cents per share)		(0.001)	(0.001)
From continuing operations:			
Basic earnings per share (cents per share)		(0.001)	(0.001)
Diluted earnings per share (cents per share)		(0.001)	(0.001)
From discontinued operations:			
Basic earnings per share (cents per share)		(0.0001)	(0.0001)
Diluted earnings per share (cents per share)		(0.0001)	(0.0001)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

For the year ended 30 June 2017	Note	Consolidated 2017	Consolidated 2016
		$	$
Assets			
Current assets			
Cash and cash equivalents	10	49,601	25,946
Receivables and prepayments	11	125,122	139,668
Assets classified as held for sale	12	5,895,000	5,677,409
Total current assets		6,069,723	5,843,023
Non-current assets			
Other financial assets	13	6,013,500	6,003,500
Property, plant and equipment & mine development	14	297,607	989,530
Exploration and evaluation	15	621,046	599,818
Total non-current assets		6,932,153	7,592,848
Total assets		13,001,876	13,435,871
Liabilities			
Current liabilities			
Trade and other payables	17	560,137	427,266
Financial liabilities	18	2,978,000	1,505,000
Provisions	19	65,307	29,350
Liabilities directly associated with assets classified as held for sale	12	-	35,000
Total current liabilities		3,603,444	1,996,616
Non-current liabilities			
Provisions	19	6,013,500	6,003,500
Financial liabilities	18	1,830,000	3,708,000
Total non-current liabilities		7,843,500	9,711,500
Total liabilities		11,446,944	11,708,116
Net assets		1,554,932	1,727,755
Equity			
Share capital	20	27,951,122	26,600,707
Accumulated losses		(26,396,190)	(24,872,952)
Total equity		1,554,932	1,727,755

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

Consolidated	Share capital	Accumulated losses	Total
	$	$	$
Balance 1 July 2015	25,162,707	(24,872,952)	1,361,488
Comprehensive Income for the Year			
Loss for the year	–	(1,071,733)	(1,071,733)
Total Comprehensive Income for the Year	–	(1,071,733)	(1,071,733)
Transactions with Owners in their Capacity as Owners:			
Shares Issued	1,510,000	–	1,510,000
Transaction Costs	(72,000)	–	(72,000)
Balance at 30 June 2016	26,600,707	(24,872,952)	1,727,755
Comprehensive Income for the Year			
Loss for the year	–	(1,523,238)	(1,523,238)
Total Comprehensive Income for the Year	–	(1,523,238)	(1,523,238)
Transactions with Owners in their Capacity as Owners:			
Shares issued	1,398,415	–	1,398,415
Transaction Costs	(48,000)	–	(48,000)
Balance at 30 June 2017	27,951,122	(26,396,190)	1,554,932

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2017	Note	Consolidated 2017	Consolidated 2016
		$	$
Cash flows from operating activities			
Cash receipts from customers		500,048	149,026
Cash paid to suppliers and employees		(1,753,569)	(722,572)
Interest received		165,588	11,728
Interest paid		(7,956)	-
Net cash outflow from operating activities	28	**(1,095,889)**	**(561,818)**
Cash flows from investing activities			
Acquisition of exploration and evaluation assets		-	(204,315)
Acquisition of property, plant & equipment		(11,800)	(6,243,713)
Proceeds from the sale of shares in subsidiary		300,000	-
Proceeds from sale of property, plant & equipment		121,344	-
Sale of subsidiary net assets		-	-
Net cash inflow/(outflow) from investing activities		**409,544**	**(6,448,028)**
Cash flows from financing activities			
Net proceeds from the issue of share capital		740,000	1,328,000
Repayment of loans		(1,130,000)	-
Proceeds from borrowings		1,100,000	4,838,000
Net cash inflow from financing activities		**710,000**	**6,166,000**
Net increase/(decrease) in cash and cash equivalents		23,655	(843,846)
Cash and cash equivalents at 1 July		25,946	869,792
Cash and cash equivalents at 30 June	10	**49,601**	**25,946**

The accompanying notes are an integral part of these consolidated financial statements.

1. Reporting Entity

GBM Gold Ltd (the 'Company') is a company limited by shares. The consolidated financial statements of the Company as at and for the year ended 30 June 2017 comprise GBM Gold Ltd and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and jointly controlled entities. The Group primarily is involved in the exploration of gold.

2. Basis of Preparation

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated group of GBM Gold Ltd and controlled entities. GBM Gold Ltd is a listed public company, incorporated and domiciled in Australia and is a for profit entity for financial reporting purposes.

The consolidated financial report of GBM Gold Ltd and controlled entities comply with International Financial Reporting Standards.

The financial statements were approved by the Board of Directors on 27 September 2017.

Basis of Measurement

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs except for the following where applicable:

- financial instruments at fair value through profit or loss are measured at fair value; and
- investment property is measured at fair value.

Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is GBM Gold Limited's functional currency and the functional currency of the Group.

Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The accounting policies have been consistently applied by each entity in the consolidated entity.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical Judgements in Applying the Group's Accounting Policies

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $621,046.

Income Taxes

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. Tax laws existing at the present time may change in the future affecting judgements made at this time. The Group estimates its tax liabilities based on the Group's understanding of the tax law as it applies now.

The Group does not recognise deferred tax assets relating to carried forward tax losses unless realisation is probable.

Going Concern

The Directors have prepared the financial report on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The Group incurred a net loss of $1,316,169 and an operating cash outflow of $1,095,889 for the financial year ended 30 June 2017. At that date the Group was in a net current asset position of $2,466,279.

Subsequent to year end, GBM Gold Limited entered into an agreement to sell the Kangaroo Flat Gold processing plant for $6,200,000. The first tranche of the sale proceeds of $1,450,000 was received on the 27th July 2017 with the remaining tranches expected to be received prior to 30 June 2018.

As such the Directors are confident of the Group's ability to continue as a going concern.

3. Significant accounting policies

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(A) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (GBM Gold Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 23.

In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In Note 30, investments in subsidiaries are carried at lower of cost and fair value. Fair value is determined by the directors taking into account the underlying net assets of the subsidiaries.

Intra-group balances, and income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(ii) Accounting for interests in Joint Operations

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

(B) Financial Instruments

(i) Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e., trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

(ii) Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a) the amount at which the financial assets or financial liability is measured at initial recognition
b) less principal repayments
c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*, and

d) less any reduction for impairment

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(i) Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(ii) De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit and loss.

(C) Property, Plant and Equipment

(i) Properties

Freehold land and buildings are shown at cost less any accumulated depreciation and impairment losses.

(ii) Plant and Equipment

Plant and equipment are measured on the cost basis less any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(iii) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Leasehold Improvements	4–5%
Plant and Equipment	3–50%
Leased Plant and Equipment	15%
Mine Development	5%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Income Statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(D) Intangible Assets

(i) Exploration and Evaluation Asset

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(E) Mine Development

The costs of mine development are capitalised to the extent that these costs are expected to be recouped through commercially viable extraction of resources. Costs arising from mine development are depreciated according to the depreciation accounting policy.

(F) Leased Assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and these leased assets are not recognised on the Group's Statement of Financial Position.

(G) Impairment

(i) Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(H) Employee Benefits

(i) Defined Contribution Superannuation Funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due. These funds are accumulation type funds and the Group has no further obligations to the funds.

(ii) Defined Benefit Superannuation Funds

The Group has no obligation in respect of defined benefit pension plans.

(iii) Other long-term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(iv) Termination Benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (i) the date when the Group can no longer withdraw the offer for termination benefits; and (ii) when the Group recognises costs for restructuring pursuant to AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

(v) Short-Term Benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to settle wholly within 12 months. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(I) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(J) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

(K) Finance Income and Expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

(L) Income Tax

(i) Current Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

(ii) Deferred Tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(M) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows. The first time applicable standards do not have any impact on the cash flow statement.

(N) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of one month or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

(O) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(P) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

New Standards for Application in Future Periods

No new accounting policies came into effect in the current year that are considered relevant to GBM Gold Limited. Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

– AASB 9*: Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial statements.

– AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's financial statements.

– AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;

- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's financial statements.

– *AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (*applicable to annual reporting periods beginning on or after 1 January 2016)

This Standard amends AASB 11: *Joint Arrangements* to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per AASB 3.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward.

4. Income Tax

	Consolidated	
	2017	2016
	$	$
Income tax recognised in Loss		
Loss from ordinary activities	(1,316,168)	(1,071,733)
Income tax benefit calculated at 30% of loss from ordinary activities	(394,850)	(321,520)
Add tax effect of permanent and timing differences:		
Non-deductible items	-	108
Movements in provisions	(10,787)	(2,130)
Income tax benefit attributable to operating loss	(384,063)	(319,282)
Income tax benefit not recognised	384,063	319,282
Income tax expense	-	-

The amount of carried forward revenue tax losses for the group at 30 June 2017 $10,965,439 (2016: $10,508,468) have not been recognised due to the uncertainty of timing in relation to when taxable profits will be derived.

5. Revenue

	Consolidated 2017	Consolidated 2016
	$	$
a. Operating activities		
- Trading revenue	-	89,977
Total Revenue from operating activities	-	89,977
b. Non-operating activities		
- R&D Tax offset refund	123,120	151,787
- Pumping and lease fees	347,100	12,083
- Profit on sale of assets	39,727	-
- Interest received	165,588	31,801
- Other Income	15,284	2,256
Total Revenue from non-operating activities	690,819	197,927
Total Operating and Non-operating revenue	690,819	287,904

6. Depreciation & Administrative Expenses

	Consolidated 2017	Consolidated 2016
	$	$
Depreciation - Amortisation	8,722	11,936
Impairment expense	7,909	222,850
Total Depreciation and Impairment Expenses	16,631	234,786
Employee benefit expenses		
Salaries and Wages	249,728	266,925
On-costs	57,629	46,902
	307,357	313,827
Other administrative expenses		
Accounting, Income & R&D taxation	63,350	72,250
Audit fees	50,000	50,000
Other administrative expenses	651,584	522,598
	764,934	644,848
Total Administrative Expenses	1,072,292	958,675

7. Discontinued Operations

The GBM Group disposed of its 100% wholly owned subsidiaries GBM Avoca Pty Ltd and Industrial Sands & Gravels Pty Ltd for $300,000 in December 2016. Financial information relating to the discontinued operation on the date of sale is set out below. The financial performance of the discontinued operation to the date of sale, which is included in the loss from discontinued operations per the statement of comprehensive income is as follows: -

	2017	2016
Results from discontinued operations		
Revenue	303,310	740
Expenses	(3,757)	(1,784)
Profit / (loss) before income tax	**299,553**	**(1,044)**
Income tax expense	-	-
Profit / (loss) attributable to members of the parent entity	**299,553**	**(1,044)**
Loss on sale before income tax	**(92,484)**	**-**
Income tax expense	-	-
Loss on sale after income tax	**(92,484)**	**-**
Total profit after tax attributable to the discontinued operation	**207,069**	**-**
The net cash flows of the discontinued operations, which have been incorporated into the statement of cash flows, are as follows:		
Net cash (outflows) from operating activities	(3,458)	(1,044)
Net cash inflows from financing activities	-	-
Net cash inflows from investing activities	300,000	-
Net increase in cash generated by the discontinued operations	**296,542**	**-**

8. Auditors' Remuneration

	Consolidated	
	2017	**2016**
	$	$
Remuneration of ShineWing Australia for:		
Auditing or reviewing the financial report	50,000	50,000
	50,000	50,000

9. Earnings Per Share

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

Consolidated

	2017	2016
Basic and diluted earnings per share:	$	$
From continuing operations	(0.001)	(0.001)
From disposal group classified as held for sale	-	-
Total basic and diluted earnings per share	(0.001)	(0.001)
Earning used in calculating basic and diluted earnings per share:		
Loss from continuing operations	(1,523,238)	(1,071,733)
Loss from disposal group classified as held for sale	-	-
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	1,097,078,399	897,212,340

10. Cash and Cash Equivalents

	Consolidated	
	2017	2016
	$	$
Cash at bank	49,601	25,946
	49,601	25,946

11. Receivables & Prepayments

	Consolidated	
	2017	2016
	$	$
Pre-payments	-	15,078
Trade receivables	-	86,717
Other Receivables	125,122	37,243
	125,122	139,668

The Company has a history of 100% collection of accounts receivable amounts, and therefore no provision for doubtful debts is provided.

	Gross Amount $000	Past Due and Impaired $000	Past Due but Not Impaired (Days Overdue) < 30 $000	31–60 $000	61–90 $000	> 90 $000	Within Initial Trade Terms $000
2017							
Trade and term receivables	-	-	-	-	-	-	-
Other receivables	125,122	-	-	11,987	4,950	48,125	60,060
Total	125,122	-	-	11,987	4,950	48,125	60,060
2016							
Trade and term receivables	86,717	-	-	-	-	-	86,717
Other receivables	37,243	-	-	-	-	-	37,243
Total	123,960	-	-	-	-	-	123,960

12. Assets Classified As Held For Sale

	2017	2016
Assets classified as held for sale	$	$
Plant, property & equipment *1	5,895,000	5,396,561
Exploration and evaluation	-	245,848
Other financial assets	-	35,000
	5,895,000	5,677,409
Liabilities directly associated with assets classified as held for sale		
Provisions	-	35,000
	-	35,000

*1 As announced to the ASX on the 27th July 2017, GBM Gold has entered into an agreement to sell the Kangaroo Flat Gold processing plant for $6,200,000 to Australian Mining Equipment Exporters Pty Ltd. The plant will be exported to a project in Guinea, West Africa in the second or third quarters of 2018. The first tranche of the sale proceeds of $1,450,000 was received by GBM on the 27th July 2017. The remaining tranches are $2,400,000 on the 1st December 2017, $2,300,000 on the 30th January 2018 and $50,000 on the 30th June 2018.

13. Other Financial Assets

	Consolidated	
	2017	2016
	$	$
Non-Current Bonds	6,013,500	6,003,500
	6,013,500	6,003,500

These represent bonds held on tenements for rehabilitation obligations with the Department of Economic Development, Jobs, Transport and Resources. The Company has provided term deposits of $6,013,500 (2016: $6,003,500) as security for these bank guarantees. $5,948,000 (2016: $5,948,000) represents the rehabilitation provisions associated with the Bendigo Goldfield.

14. Property, Plant and Equipment & Mine Development

	Consolidated	
	2017	2016
	$	$
Plant and Equipment		
At cost	90,109	78,309
Accumulated Depreciation	(76,936)	(68,213)
	13,173	10,096
Mine Development		
At cost	727,904	1,150,054
Accumulated Impairment*1	(222,850)	(222,850)
Accumulated Depreciation	(294,765)	(294,765)
	210,289	855,289
Land		
At cost	74,145	124,145
	74,145	124,145
	297,607	989,530

*1. The total impairment loss recognised in the statement of profit or loss during the FY16 period amounted to $222,850. The impairment related to a write down of the historical cost of the underground mine asset at Fiddlers Creek.

(i) Reconciliation of Movement in Property, Plant and Equipment & Mine Development

Consolidated 2017	Plant & Equipment	Mine Development	Land	Total
	$	$	$	$
Balance 1 July 2016	10,096	855,289	124,145	989,530
Additions	11,800	–	–	11,800
Classified as assets held for sale	–	(645,000)	–	(645,000)
Disposals	–	–	(50,000)	(50,000)
Depreciation Expense	(8,723)	–	–	(8,723)
Balance at 30 June 2017	13,173	210,289	74,145	297,607

Consolidated 2016	Plant & Equipment	Mine Development	Land	Total
	$	$	$	$
	$	$	$	$
Balance 1 July 2015	4,879	225,724	146,561	377,164
Additions	14,279	855,289	124,145	993,713
Impairment	–	(222,850)	–	(222,850)
Classified as assets held for sale	–	–	(146,561)	(146,561)
Depreciation Expense	(9,062)	(2,874)	–	(11,936)
Balance at 30 June 2016	10,096	855,289	124,145	989,530

15. Exploration & Evaluation

	Consolidated	
Area of interest	2017	2016
	$	$
Fiddlers Creek	-	7,909
GBGM Operations	60,000	60,000
Wilson Hill (Harvest Home joint venture)*1	561,046	531,909
	621,046	599,818

*1 Expenditure associated with the bulk sample project at Harvest Home.

(i). Reconciliation of Movement in Exploration & Evaluation

	2017	2016
	$	$
Balance 1 July	599,818	641,352
Additions	29,137	204,314
Impairment of joint operation interest and exploration expenditure	(7,909)	-
Transfer from/(to) assets classified as held for sale	-	(245,848)
Balance at 30 June	621,046	599,818

16. Interest in Joint Operations

The Group holds a 50% interest in Harvest Home Joint Operation, a joint arrangement structured as a strategic partnership between the Group and another party. The principal place of business of Harvest Home Joint Operation is Bendigo, Victoria and the primary purpose of the joint operation is to facilitate exploration, mining and sale of gold on behalf of the joint operators. Under the Harvest Home Joint Operation agreement, the Group has a 50% direct interest in all of the assets used, the revenue generated and the expenses incurred by the joint arrangement. The parent is also liable for 50% of any liabilities incurred by the joint operation.

Harvest Home Joint Operation is an unincorporated entity (partnership) and is classified as a joint operation. Accordingly, the Group's interests in the assets, liabilities, revenues and expenses attributable to the joint operation have been included in the appropriate line items in the consolidated financial statements.

The Group's share of the assets employed in Harvest Home Joint Operation that are included in the consolidated financial statements are as follows:

	2017	2016
	$	$
Non-current assets		
Exploration development expenditure	561,046	531,909
TOTAL NON-CURRENT ASSETS	561,046	531,909
TOTAL ASSETS	561,046	531,909
Net interest in Harvest Home Joint Operation	561,046	531,909

The recoverability of the carrying amount of the exploration development expenditure is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

17. Trade and Other Payables

	2017	2016
	$	$
Accrued Expenses	128,951	234,437
Trade Creditors	431,186	192,829
	560,137	427,266

18. Financial Liabilities

	Consolidated 2017	2016
	$	$
Current		
Director & Related Parties Loans*1	1,100,000	30,000
Other*2	1,878,000	1,475,000
	2,978,000	1,505,000

*1 Relates to a $1,100,000 unsecured short term loan @ 6% interest, provided by Silver Bright International Development Limited. $550,000 of the short term loan was repaid in August 2017 and the remaining $550,000 is due to be repaid in December 2017. (Refer to Note 23)

*2 $1,878,000 is payable to Unity Mining in May 2018 for the third deferred bond instalment to repay cash provided by Unity Mining to meet the rehabilitation obligations at the Bendigo Goldfield. As announced to the ASX on 18 May 2016, Unity Mining 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 amounts owed to Unity. As a result it is anticipated that the third deferred bond instalment will be paid during December 2017 and February 2018 when the second and third tranches of the sale proceeds of the Kangaroo Flat Gold Processing Plant are received.

	Consolidated 2017	2016
	$	$
Non – Current		
Other*1	1,830,000	3,708,000
	1,830,000	3,708,000

*1 The fourth deferred bond instalments is payable to Unity Mining in May 2019 to repay cash provided by Unity Mining to meet the rehabilitation obligations at the Bendigo Goldfield.

19. Provisions

	Consolidated 2017	2016
	$	$
Current		
Employee benefits	65,307	29,350
Total Provisions	65,307	29,350

(i) Reconciliation of Movement in Provisions

Current	Total
	$
Balance 1 July 2016	29,350
Amounts used/paid	(2,506)
Additional amounts provided	38,463
Balance at 30 June 2017	65,307

	Consolidated 2017	2016
	$	$
Non - Current		
Rehabilitation Provision *1	6,013,500	6,003,500
Total Provisions	6,013,500	6,003,500

$5,948,000 (2016: $5,948,000) represents the rehabilitation provisions associated with the Bendigo Goldfield and the remaining $65,500 (2016: $55,500) relates to other tenement rehabilitation provisions. These are also represented in bonds held on tenements for rehabilitation obligations with the Department of Economic Development, Jobs, Transport and Resources. The Company has provided term deposits of $6,013,500 (2016: $6,003,500) as security for these bank guarantees. (Refer to Note 13)

20. Issued Capital

	Consolidated 2017	Consolidated 2016
	$	$
Fully paid ordinary shares	27,951,122	26,600,707

The Company has authorised share capital of 1,118,319,556 (985,784,944 at end of 2016 reporting period) ordinary shares of no par value.

	Consolidated 2017	Consolidated 2016
	No.	No.
Ordinary Shares		
At the beginning of the reporting period	985,784,944	834,784,944
Shares issued during the year*1	132,534,612	151,000,000
At the end of the reporting period	1,118,319,556	985,784,944

*1 80,000,000 shares were issued to sophisticated investors at $0.01 per share in July 2016, 10,000,000 shares were issued to Obelisk Capital at $0.01 per share for corporate advisory services associated with the purchase of the Bendigo Goldfield and associated assets in July 2016, 6,000,000 shares were issued to directors at $0.01 per share in lieu of director fees in October 2016 and 36,534,612 shares were issued to at $0.012 per share to convert a $375,000 loan provided by Sterlington Resources plus interest.

21. Share Based Payments

Equity-settled compensation:

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Shares granted to key management personnel during the financial year as share-based payments are as follows:

Grant Date	Number
23 November 2016	6,000,000

The weighted average fair value of those equity instruments, determined by reference to market price, was $0.01.

These shares were issued as compensation to key management personnel of the Group and have vested during the period.

Included under share based payments expense in the statement of profit or loss is $60,000, which relates to equity-settled share-based payment transactions (2016: $110,000).

22. Interests of Key Management Personnel (KMP)

Names and positions held of the group key management personnel in office at any time during the financial year are:

KMP	Position	Tenure
Directors		
Mr J Harrison	Director & CEO	Full year
Mr Eric J P Ng	Chairman (non-executive)	Full year
Mr Paul Chan	Director (non-executive)	Full year
Mr Andy Lai	Director (non-executive)	Full year
Ms Linda Lau	Director (non-executive)	Full year
Mr Andrew Chan	Director (non-executive) & Company Secretary	Full year
Ms Jianping Wang	Director (non-executive)	Since 4th November 2016

	Consolidated	
The totals of remuneration paid to KMP of the company and the Group during this year are:	2017	2016
	$	$
Short-term employee benefits	230,648	212,648
Post-employment benefits	17,352	17,352
Other long-term benefits	–	–
Share Based payments	60,000	110,000
	308,000	340,000

Refer also to the remuneration report contained in the director's report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2017.

23. Related Party Transactions

(i). The Group's Main Related Parties are as Follows:

(a) Entities Exercising Control over the Group:

The ultimate parent entity, which exercises control over the Group, is GBM Gold Ltd which is incorporated in Australia.

(b) Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 22: Interests of Key Management Personnel (KMP).

(c) Subsidiaries:	ACN	Percentage Owned 30 June 2017	Percentage Owned 30 June 2016	Investment in Subsidiary 2017	Investment in Subsidiary 2016
Controlling Entity				$	$
GBM Gold Ltd	119 956 624				
Controlled Entities†					
Goldsborough Mining Pty Ltd	072 849 220	100%	100%	-	-
GBM Fiddlers Creek Pty Ltd	119 943 421	100%	100%	-	-
GBM Wilson Hill Pty Ltd	007 257 452	100%	100%	575,008	575,008
GBM Avoca Pty Ltd	129 861 123	-	100%	-	-
Industrial Sands & Gravels Pty Ltd	072 258 158	-	100%	-	-
Kralcopic Pty Ltd	007 222 086	100%	100%	54,763	54,763
Greater Bendigo Gold Mines Pty Ltd	116 991 691	100%	100%	-	-
				629,771	629,771

(d) Other Related Parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel exercise significant influence.

(ii). Transactions with Related Parties

Transactions between related parties occur on normal commercial terms and conditions and are no more favourable than those available to other parties unless otherwise stated. During the year loan transactions occurred between the Parent Entity and its' wholly owned subsidiaries.

United Bright Investments Ltd received a finders fee of $48,000 ($72,000 – 2016) for services related to the investment of $800,000 by institutional investors in GBM share capital during the 2017 financial period. Paul Chan is a director of United Bright Investments Ltd. Silver Bright International Development Limited provided an unsecured $1,100,000 short term loan @ 6% interest to GBM Gold Ltd in May 2017. $550,000 of the short term loan was repaid in August 2017 and the remaining $550,000 is due to be repaid in December 2017. Jianping Wang is a director of Silver Bright International Development Limited. The Company holds a 50% interest in Harvest Home Joint Operation with Truelight Mining Pty Ltd. Andrew Chan and Paul Chan are directors of Truelight Mining Pty Ltd. (Refer to Note 16 Interest in Joint Venture for further details)

24. Events Subsequent to the Reporting Date

The following material events occurred after 30 June 2017.

As announced to the ASX on the 27th July 2017, GBM Gold has entered into an agreement to sell the Kangaroo Flat Gold processing plant for $6,200,000 to Australian Mining Equipment Exporters Pty Ltd. The plant will be exported to a project in Guinea, West Africa in the second or third quarters of 2018. The first tranche of the sale proceeds of $1,450,000 was received by GBM on the 27th July 2017. The remaining tranches are $2,400,000 on the 1st December 2017, $2,300,000 on the 30th January 2018 and $50,000 on the 30th June 2018. $2,075,000 from the proceeds of the sale will be paid to Unity Mining Limited ('Unity') to reduce the loan liability amount owing to Unity as per the Bendigo asset sale agreement.

$550,000 of the $1,100,000 short term loan that was provided by Silver Bright International Development Limited was repaid in August 2017. The remaining $550,000 of the short term loan is due to be repaid in December 2017.

There were no other significant events after balance date which impacted the operations of the Group.

25. Contingent Liabilities and Commitments

Nil

26. Operating Segments

The Group operates as a single operating segment, within the gold mining industry in one geographic area, that being Central Victoria, Australia. The Fiddlers Creek project is on a care and maintenance phase and all other tenements are utilised primarily for exploration purposes.

27. Financial Risk Management

The Group's financial instruments consists mainly of deposits with banks, local money market instruments, short-term investments, accounts receivables and payables, bills, leases, convertible notes and borrowings.

The total of each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated	
	Note	2017	2016
Financial assets		$	$
Cash and cash equivalents		49,601	25,946
Receivables and prepayments		125,122	139,668
Total Financial assets		174,723	165,614
Financial Liabilities			
Trade and other payables		560,137	427,266
Borrowings		2,978,000	1,505,000
Total Financial Liabilities		3,538,137	1,932,266

(i). Financial Risk Management Policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework including the development and monitoring of risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Company and the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities. The Group, through their training and management standards and procedures, aim to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company and the Group.

(ii). Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the FOC has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

(a) Credit Risk with Banks and Other Financial Institutions

Credit risk with banks and other financial institutions is managed by the Group in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparts with a Standard & Poor's rating of at least A-.

The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Consolidated	
	2017	2016
Cash and cash equivalents	$	$
A- rated	-	-
A rated	49,601	25,946
Total Financial Liabilities	49,601	25,946

(iii). Liquidity Risk Management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. The Board aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties.

(a) Cash Flow Realised From Financial Assets

Cash flow realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis	Within 1 Year		1 – 5 Years		Over 5 Years		Total	
Consolidated Group $	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Financial Liabilities due for payment								
Loans	2,978,000	1,505,000	-	-	-	-	2,978,000	1,505,000
Trade and other payables	560,137	427,266	-	-	-	-	560,137	427,266
Finance lease liability	-	-	-	-	-	-	-	-
Total contracted Outflow	3,538,137	1,932,266	-	-	-	-	3,538,137	1,932,266
Financial assets – cash flows realisable								
Cash and cash equivalents	49,601	25,946	-	-	-	-	49,601	25,946
Trade, term and loan receivables	125,122	139,668	-	-	-	-	125,122	139,668
Total anticipated inflows	174,723	165,614	-	-	-	-	174,723	165,614
Net (outflow)/inflow on financial instruments	(3,363,414)*1	(1,766,652)*1	-	-	-	-	(3,363,414)	(1,766,652)

***1** The sale of the Kangaroo Flat Mine processing plant will provide the necessary funds to satisfy the contracted outflows.

(iv). Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

The Company's and Group's exposure to market risk is low. No derivatives or financial liabilities were entered into during the year ended 30 June 2017 with the purpose of managing market risks.

The Board will continue to monitor the Company's and Group's exposure to market risk and in the event that derivatives and/or financial liabilities are entered into, the Board will consider the costs and benefits of seeking to apply hedge accounting in order to manage volatility in profit and loss.

(a) Currency Risk

The Groups Assets, as per the Statement of Financial Position, are subject to Currency risk given gold is priced in US dollars

(b) Interest Rate Risk

Given the levels of interest-bearing loans and borrowings held by the Group at 30 June 2016 and 30 June 2017, and the expected impact of any fluctuations in the respective interest rate may have on the profit or loss, the Group has not entered into any interest rate swaps.

The interest rate profile of the Company's and Group's interest-bearing financial instruments at reporting date is provided in Note 18.

(v). Exposure to Liquidity and Interest Rate Risk

The following tables detail the Group's exposure to liquidity risk and interest rate risk as at 30 June 2017.

Financial Instrument	Weighted average Effective interest rate		Consolidated Entity 2017	Consolidated Entity 2016	Floating Interest Rate 2017	Floating Interest Rate 2016	Non-Interest Bearing 2017	Non-Interest Bearing 2016	Fixed Interest Rate 2017	Fixed Interest Rate 2016
	%	%	$	$	$	$	$	$	$	$
Financial Assets										
Cash and cash equivalents	2	2	49,601	25,946	49,601	25,946	-	-	-	-
Trade and other receivables	-	-	125,122	139,668	-	-	125,122	139,668	-	-
Other financial assets	-	-	-	-	-	-	-	-	-	-
			174,723	165,614	49,601	25,946	125,122	139,668	-	-
Financial Liabilities										
Trade and other payables	-	-	560,137	427,266	----	-------	560,137	427,266	-	-
Other financial liabilities	4	4	2,978,000	1,505,000	-------	-------	1,878,000	1,130,000	1,100,000	375,000
			3,538,137	1,932,266	-------	-------	2,438,137	1,557,266	1,100,000	375,000

(vi). Fair Values of Financial Assets and Liabilities

Fair value of assets and liabilities approximates their carrying values as terms to maturity are short. No financial assets and financial liabilities are readily traded on organised markets in standard form.

The aggregate fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements and the carrying amount is the same as the fair value amount.

(vii). Sensitivity Analysis – Interest Rate Risk, Foreign Currency Risk and Price Risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year.

Sensitivity Analysis	Consolidated Profit	Consolidated Equity
Year end 30 June 2017	$	$
+/-2%in interest rates	7,018	7,018
Year end 30 June 2016		
+/-2% in interest rates	14,080	14,080

28. Reconciliation of Cash

Reconciliation of cash	Consolidated 2017	2016
	$	$
Cash flows from operating activities		
Loss for period	(1,316,169)	(1,071,733)
Director fees received in shares	60,000	110,000
Depreciation and impairment	16,632	234,786
Change in trade and other receivables	14,546	(127,150)
Change in other financial assets	25,000	(5,943,158)
Change in trade and other payables	132,872	280,316
Change in provisions	10,957	5,955,101
(Profit)/loss on sale of assets	(39,728)	-
Net cash from operating activities	(1,095,889)	(561,818)

29. Dividends

No dividends have been paid or provided for in the current period.

30. Parent Entity Disclosures

GBM Gold Limited is the parent entity of the Consolidated Entity. GBM Gold Limited is a party to a Deed of Cross Guarantee with all subsidiaries under which each company guarantees the debts of the others. Details of contingent liabilities of the Parent Entity are contained in Note 25. Summarised financial information in respect of the Parent Entity is set out below.

	2017	2016
a) Financial Position	$	$
Assets		
Current assets	524	16,018
Non-current assets	8,780,326	7,305,263
Total assets	8,780,850	7,321,281
Liabilities		
Current liabilities	1,190,418	674,793
Non-Current liabilities	-	-
Total Liabilities	1,190,418	674,793
Net Assets	7,590,432	6,646,488
Equity		
Contributed Equity	27,932,768	26,582,353
Accumulated Losses	(22,342,336)	(21,935,865)
Reserves	2,000,000	2,000,000
Total Equity	7,590,432	6,646,488
b) Financial Performance		
Profit/(Loss) of the year *1	(406,470)	(851,561)
Other comprehensive Income	-	-
Total comprehensive Income	(406,470)	(851,561)

*1 $202,151 of the 2016 loss related to the write down of investments in subsidiary companies Fiddlers Creek $100,000 and ISG $102,151. $189,271 of the 2016 loss related to loan forgiveness from GBM Gold Limited to Industrial Sands & Gravels Pty Ltd.

Director's Declaration

In accordance with a resolution of the directors of GBM Gold Limited, the directors of the company declare that:

the financial statements and notes, as set out on pages 24 to 56, are in accordance with the *Corporations Act 2001* and:

a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the consolidated group;

in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

The company and its wholly owned subsidiaries have entered into a deed of cross guarantee under which the company and its subsidiaries guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed.

Frederick Eric JP Ng
Chairman
27 September 2017

John Harrison
Director & CEO

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GBM GOLD LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of GBM Gold Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed during the audit
Non-current assets held for sale **Note 12** At 30 June 2017 the balance of non-current assets held-for-sale amounted to $5,895,000. The Kangaroo Flat gold processing plant was marketed for sale during the year then subsequently sold by the Group post year-end. As the value attributable to the plant is material a key focus of the audit was whether the plant has been	We have, among other things, performed the following procedures: • discussed with management their intentions to recognise the value of the processing plant through sale rather than ongoing use; and • assessed the carrying value of the asset held for sale using sales agreement signed subsequent to year-end to ensure that the asset has been recorded at the lower of fair value less cost to sell and its carrying value; and

Key Audit Matter	How the matter was addressed during the audit
appropriately accounted for at the lower of its fair value less cost to sell and carrying value.	• ensured that the financial statements appropriately disclosed the assets held for sale and the sale of the asset post year-end as a subsequent event.
Impairment of exploration and evaluation assets **Note 15** The Group is pursuing exploration activities at its tenements and is capitalising costs associated with these activities. At 30 June 2017 capitalised exploration expenses totalled $621,046. As this is an area of significant judgement to the Group it has been a key focus of the audit.	We have, among other things, performed the following procedures: • assessed whether the Group had a current right of ownership to its tenements where exploration and evaluation assets are maintained and whether future activities will allow the Group to continue to support the capitalisation of these assets in line with the Group's accounting policies; and • tested a sample of additions to supporting documentation to ensure they meet the requirements under the accounting standards; and • assessed whether there were any indicators of impairment to ensure that costs that have been capitalised are not impaired.
Rehabilitation obligations **Note 19** At 30 June 2017 the Group has recognised rehabilitation provisions amounting to $6,013,500 for tenements it has interests in. This was a key focus of the audit as the calculation of these provisions requires significant judgement in estimating the future cost of rehabilitation activities.	We have, among other things, performed the following procedures: • evaluated the Group's rehabilitation and restoration provisions including the process by which they were developed and checking the mathematical accuracy of the underlying calculations; • considered the competence and objectivity of the Group's experts who reviewed the closure plan and associated cost estimates; and • assessed the movements in provisions during the year relating to the Group's rehabilitation obligations to ensure they were in line with our understanding of the operations and rehabilitation activities.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

ShineWing AUSTRALIA

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 18 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of GBM Gold Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

ShineWing Australia

ShineWing Australia
Chartered Accountants

M. Schofield

Matthew Schofield
Partner

Melbourne, 27 September 2017

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