

11 May 2018

Mr Dean Litis
Principal Adviser, Listings Compliance (Melbourne)
ASX Compliance Pty Ltd
Level 4, North Tower, Rialto
525 Collins St
Melbourne VIC 3000



By email: Dean.Litis@asx.com.au

Dear Mr Litis

RESPONSE TO ASX QUERY – APPENDIX 5B

We refer to your letter to GBM Gold Ltd (GBM or the Company) dated 9 May 2018 and set out our response to each of your questions below, using the same numbering as your letter.

1. No. GBM has received approval from Earth Resources for its Harvest Home Open Pit Mine expansion. The Planning Application is currently being processed by the local Shire Council and is expected to be approved during this quarter. GBM has commenced preparations for mining once approval is granted.

GBM also expects to receive the processing equipment for its Kangaroo Flat Coarse Sand Dam project this quarter. Once received and installed, operation on the project will commence.

2. GBM is in advanced discussions with interested parties in relation to raising capital to continue funding its current and future operations. The Board believes that GBM has the ability to successfully raise additional capital based on its previous ability to raise funds when required and the discussions currently being held.

GBM is expected to raise approximately \$300,000 from the sale of part of the process plant during the June 2018 quarter.

GBM has arranged for short term funding from its directors on an “as needed” basis.

3. Yes. Based on the answers in 1 and 2, GBM expects to be able to continue its operations and meet its business objectives.
4. There is no other information that GBM considers relevant.
5. GBM considers it is in compliance with Listing Rule 3.1.
6. GBM confirms that its responses have been authorised and approved by the Board.

Yours faithfully,

Andrew Chan
Company Secretary
GBM Gold Ltd



9 May 2018

Mr Andrew Chan
Company Secretary
GBM Gold Ltd
66 Ham Street
Kangaroo Flat
Bendigo VIC 3555

By email to <mailto:andrewchan.bright@gmail.com>

Re: GBM Gold Ltd (“GBM”)- Appendix 5B Query

Dear Mr Chan

I refer to GBM’s Appendix 5B quarterly report for the period ended 31 March 2018 lodged with ASX Market Announcements Platform on 27 April 2018 (the “Appendix 5B”).

ASX notes that GBM has reported:

- negative net operating cash flows for the quarter of \$268,000;
- cash at the end of the quarter of \$98,000;
- estimated cash outflows for the next quarter of \$350,000; and
- The footnote marked by an asterisk to the estimated cash outflows (section 9.7) (“Footnote”) which states:

Estimated cash outflows to be funded by a working capital injection or the receipt of part of the proceeds of the 600k tpa process plant during the June 2018 quarter.

It is possible to conclude, based on the information in the Appendix 5B that if GBM were to continue to expend cash at the rate indicated by the Appendix 5B, GBM may not have sufficient cash to continue funding its operations. In view of that, ASX asks GBM to respond separately to each of the following questions and requests for information:

1. Does GBM expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has GBM taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? In answering this question, please expand on the information contained in the Footnote by providing information on what is meant by a “working capital injection”, including the method and quantum of the capital to be raised and/or borrowed, as well as how much is expected to be received from the sale of the 600 tpa process plant in the June 2018 quarter.
3. Does GBM expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that GBM considers may be relevant to ASX forming an opinion on whether GBM is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

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5. Please confirm that GBM is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
 6. Please confirm that GBM's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of GBM with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9:30am AEST on Monday 14 May 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in GBM's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, GBM's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at dean.litis@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to GBM's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that GBM's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in GBM's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

[Sent electronically, without signature]

Dean Litis

Principal Adviser, Listings Compliance (Melbourne)