



GBM Gold Ltd

ACN: 119 956 624

Annual Report and Financial Statements

For the Year Ended

30 June 2018

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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 financial year ended 30 June 2018 was largely spent awaiting regulatory approvals to commence revenue generating operations at our tenements. Nevertheless, your management 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 even though we have not yet been able to derive significant revenue from this acquisition.

In my annual statement to shareholders last year, I expressed concern that delays in regulatory approvals since 2016 when plans were first submitted, resulted in the Company not being able to generate revenue from its tenements for the whole financial year ended June 2017. In reviewing the progress of your Company's business in the financial year reported on, the Company finds itself facing the same issue as the last financial year – that it has not been able to generate any revenue due to its inability to secure regulatory approvals to its 'shovel ready' projects.

These 'shovel ready projects' that would provide your Company with significant revenue included the tailings stored at the Kangaroo Flat sand dam from previous mining operations and the Harvest Home open pit mine. The wash plant and gold concentrators to recover the estimated 5,100 ounces of gold in the sand dam tailings have been installed and commissioned. The Company is waiting on final government approvals to reprocess the sand dam and begin mining operation at Harvest Home.

The Company entered into an agreement with Australian Mineral Exporters Pty Ltd (AME) for the sale of the 600,000tpa Kangaroo Flat Gold Processing Plant. The Company received the first payment from AME for the sale of part of the plant and is now in negotiations to sell the remainder as AME did not complete the purchase. The sale of the plant would turn a redundant asset into working capital that would advance the Company's projects as well as fund the purchase of the Bendigo Mine itself.

The previous owner of the Bendigo Goldfield constructed the Swan Decline to access the significant underground resource potential which produced 126,000 ounces of gold. GBM has plans, once regulatory approvals are received, to reopen the Swan Decline and utilise existing underground development along with some additional underground development to explore reef lines traversed by the Swan Decline at locations above the standing water level. A saddle reef target on the Nell Gwynne Line of Reef located very close to the decline will be the first exploration program to be implemented.

Your Board would like to acknowledge and thank all of its loyal shareholders (old and new), our Joint Venture Partners, our hard-working technical and management team for their collective effort in the year under review, in preparing your Company to position itself to effectively develop gold assets in the coming year 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 2018

Resource and Operational Review

GBM's ultimate objective is the establishment and operation of an economically viable underground mine (or series of mines) and associated facilities to exploit the remaining potential of the Bendigo Goldfield. 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 6595	0% Pending – Replacement for EL3327
Raywood	EL 6596	0% Pending – Replacement for EL3327
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	EL 6369	100%
McIntyre	MIN 5093	0% Transfer Pending
FIDDLERS CREEK		
Fiddlers Creek Mine	EL 6155	100%

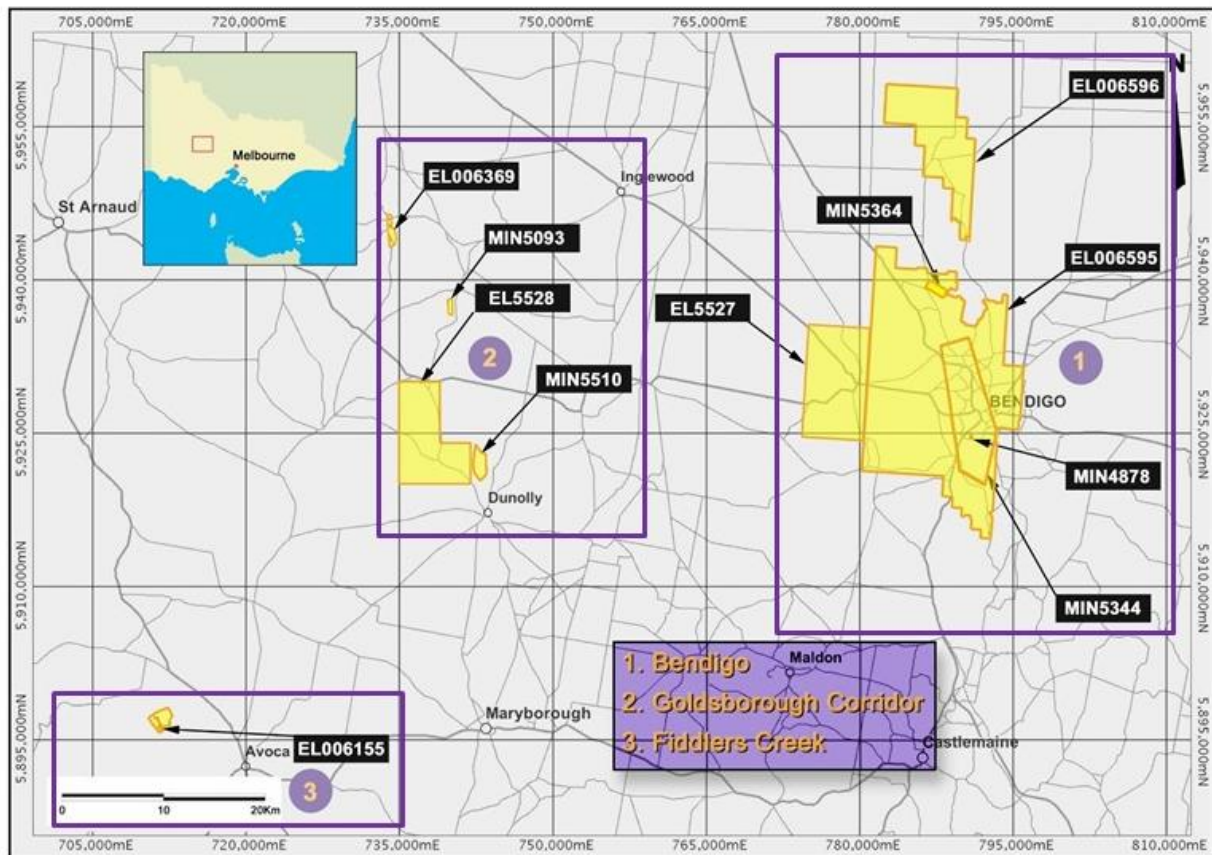


Figure 1: GBM Gold Projects

Resource and Operational Review

Bendigo Project (MIN5344, MIN 5364, MIN 4878, EL 6595, EL 6596, EL5528)

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 the 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. GBM Gold has identified exploration target areas (Figure 2).

Resource and Operational Review

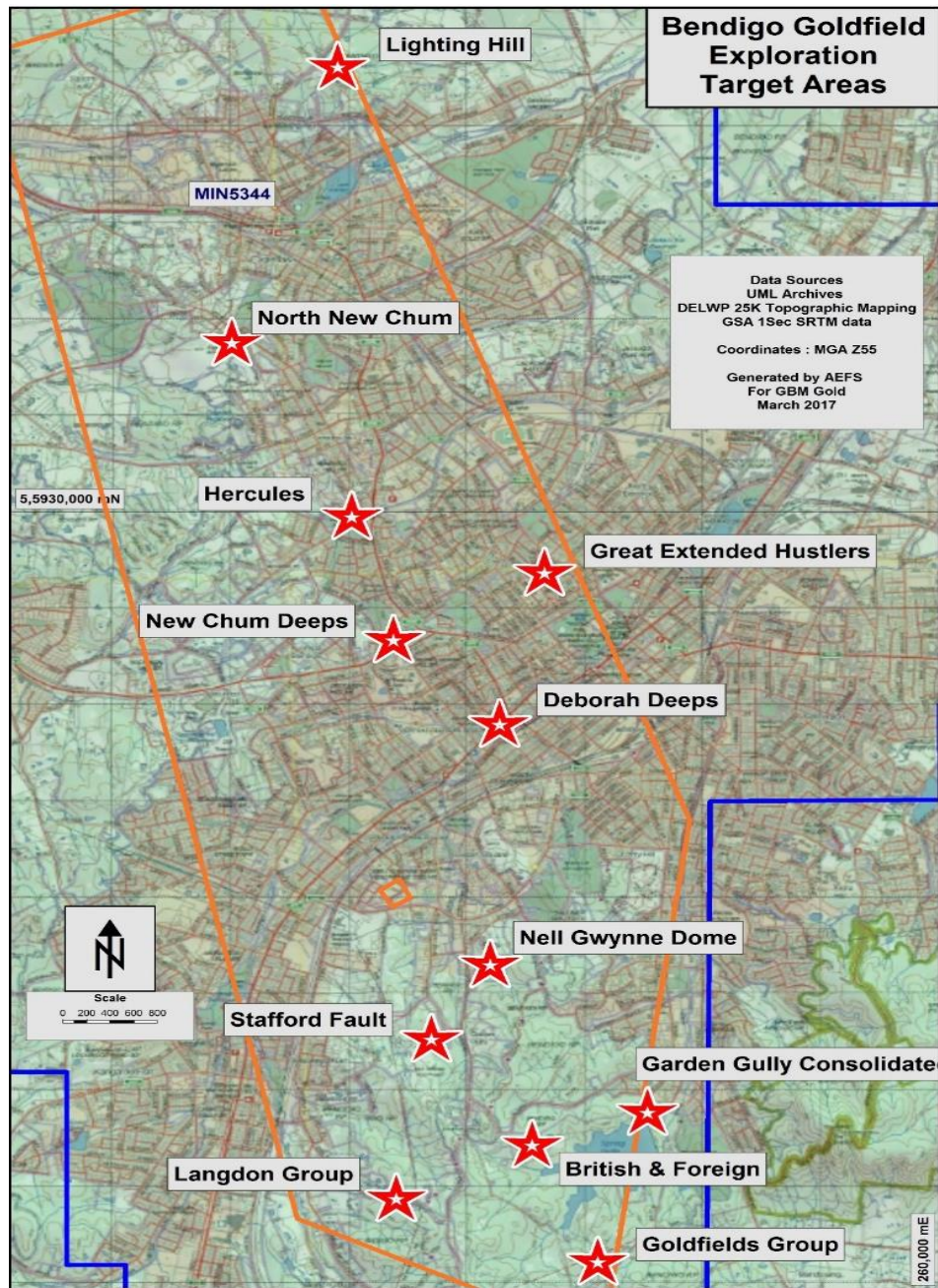


Figure 2: Bendigo Goldfield Exploration Targets

Nell Gwynne Dome

The Swan Decline development crossed the Nell Gwynne Line of Reef passing within 50 metres of the Concord workings at a depth of approximately 180m below ground level (75mAHD). Drilling by Bendigo Mining from Stockpile 6 (at chainage 843m from portal) in 2009 targeted the Nell Gwynne anticline between -250mAHD and -350mAHD. This drilling revealed mineralisation on a cross-course fault that was subsequently named Nankervis Reef. A number of additional exploration targets were identified in the same area but not followed up.

Resource and Operational Review

Historical research suggests that a structure revealed in the historic Concord Mine may correspond with the Central Nell Gwynne Reef worked profitably 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 sort of structural complexity tends to favour localised enrichment of mineralised ribbons. The local structure was confirmed by detailed decline geological mapping conducted in 1999. The Nell Gwynne Dome area is known to exhibit a degree of geological complexity that elsewhere on the Bendigo Goldfield has been conducive to gold mineralisation.

The exploration of the Nell Gwynne Dome is anticipated to take approximately two years to complete. The first stage of the project will entail re-equipping and re-entering the Swan Decline to a position approximately 1,100m from the decline portal. Reconnaissance diamond drilling will be undertaken from drill platforms from within the decline (between 1,000m and 1,100m from the portal – (Figure 4) with a view to demonstrating mineralisation potential.

The second stage of the project is developing new levels at approximately 1,050m from the portal for distances of approximately 300m north and south along strike of the Nell Gwynne Anticline (Figure 5). This development will be in the western limb of the anticline and will provide the opportunity for establishment of additional diamond drill platforms for the purpose of defining a mineral resource.

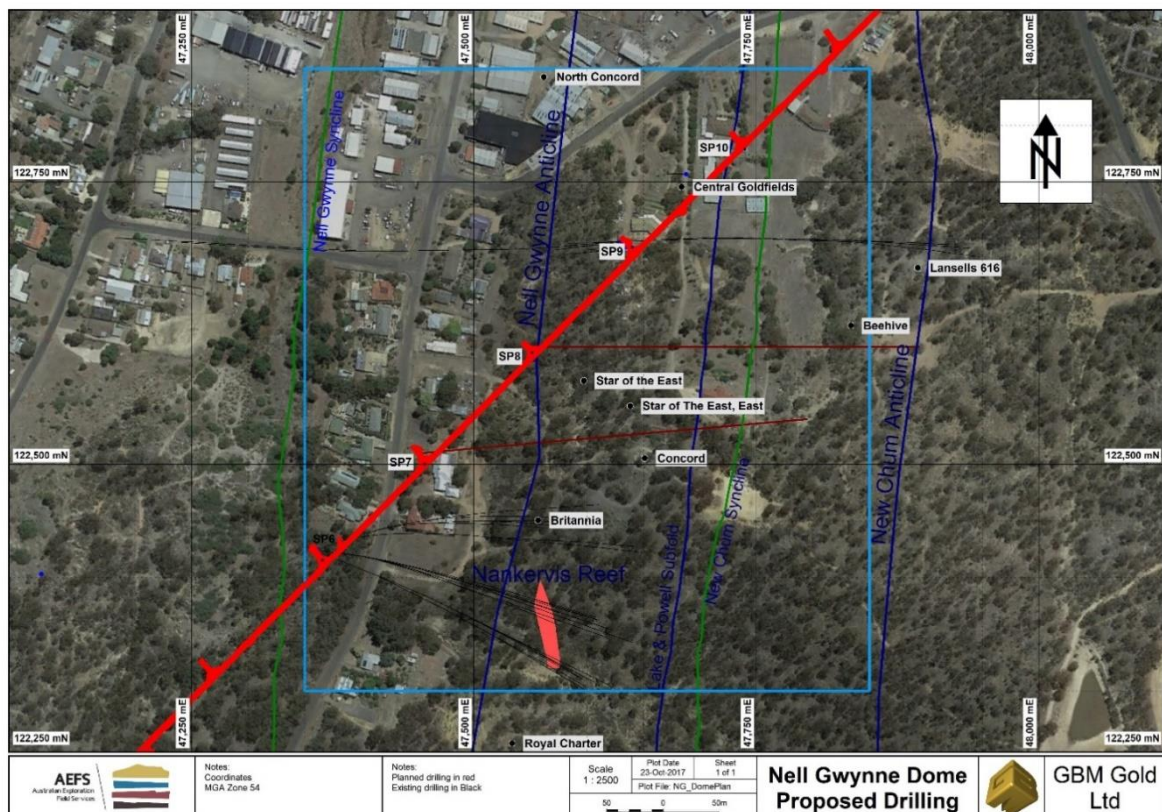


Figure 3: Nell Gwynne Reef Exploration Area

Resource and Operational Review

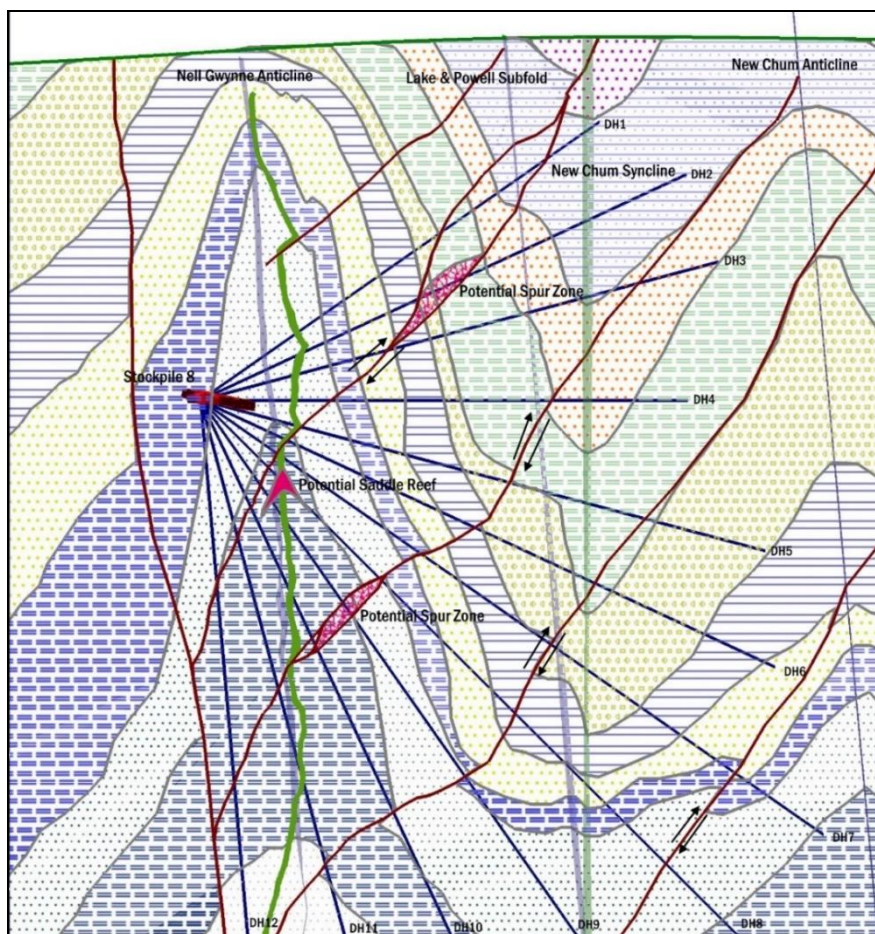


Figure 4: Nell Gwynne Reef – Proposed Drilling

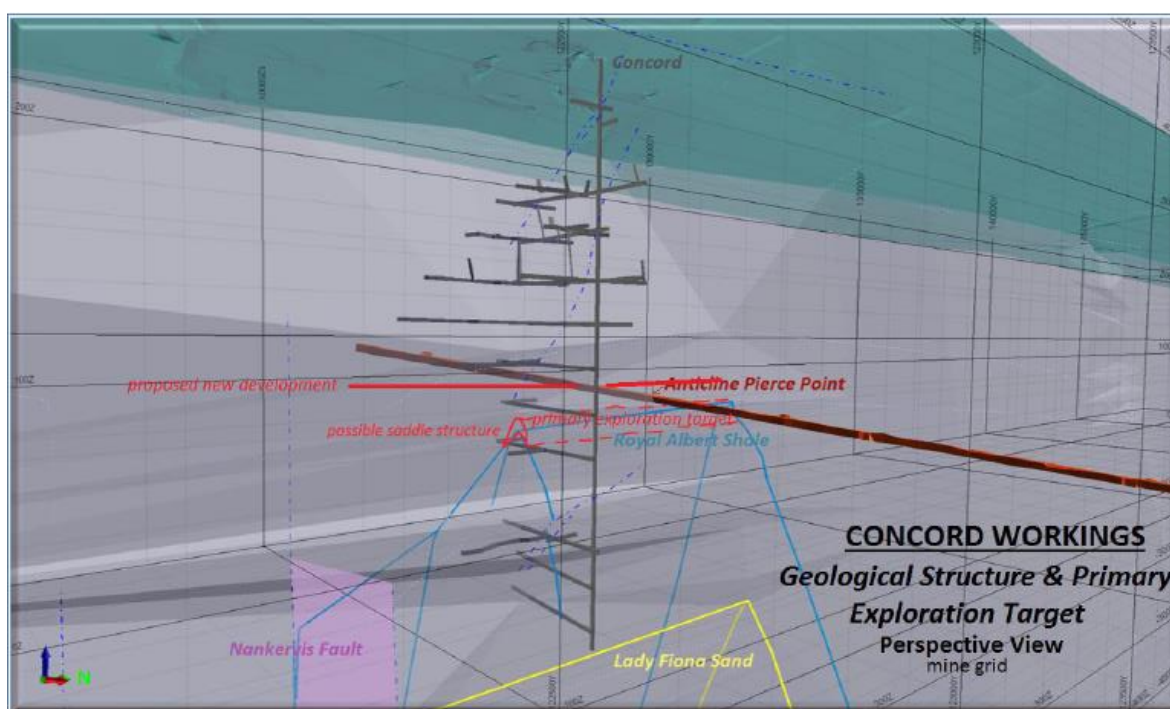


Figure 5: Nell Gwynne Reef Planned New Development

Resource and Operational Review

Kangaroo Flat Sand Dam Project (MIN5344)

GBM entered into an agreement with Gold Miners Australia to jointly mine and process the sand in the Kangaroo Flat Coarse Sand Dam to recover the contained gold and sulphides. A wash plant and 2x35tph gold concentrators has been installed and commissioned (see Figure 6).

The sand dam is estimated to hold 430,000 tonnes of material containing 5,100 ounces of gold at a grade of 0.37 g/t as reported in the March 2017 Quarterly Report. It is planned to process the sand over a period of two to three years.



Figure 6: Kangaroo Flat Coarse Sand Dam Processing Equipment

Goldsborough-Wehla Shear Zone Projects

(MIN 5510, MIN5093, EL 5528 and EL 6369)

These projects lie in the western margin of the Bendigo – Ballarat Zone. The Avoca fault defines the western margin of this zone. The projects are along the 24 km long Goldsborough–Wehla Shear Zone which is part of the Wedderburn-Ballarat line. The Goldsborough–Wehla Shear Zone hosts mineralised quartz reefs which occur from Wehla (EL6369) in the north to Harvest Home (MIN 5510) in the south. The Queens Birthday Mine at Goldsborough (EL 5528) and the mine at Stuart’s Reef at Moliagul were significant producers of gold with over 100,000 ounces being mined from Queens Birthday.

Resource and Operational Review

The Goldsbrough – Wehla Shear Zone is a major deep penetrating structure that has provided fluid pathways for large quantities of gold and quartz. The host rocks are Ordovician deep marine sediments composed of siltstone and shale with minor well sorted and rounded fine grained sandstones. These rocks have been deformed resulting in a moderate west dipping sequence containing north-northwest trending folds that plunge flatly (10°) either north or south.

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

MIN 5510 is located approximately 5 kilometres north of Dunolly in Central Victoria and has an area of 316 hectares. A broad zone of gold mineralisation trends north-northwest through MIN 5510 being approximately 3.5 km long and up to 0.4 km wide (Figure 6). Moran's Luck, Harvest Home, Mother O'Gold and Appleton's Gold mines have produced in excess of 60,000 oz. (1,860kg) of gold between them (Whitehouse and Watts 2009). A number of discrete smaller prospects are also contained within the tenement. The historical mine workings reached depths of up to 122m. These areas are being re-evaluated based on the results of the new geological interpretation.

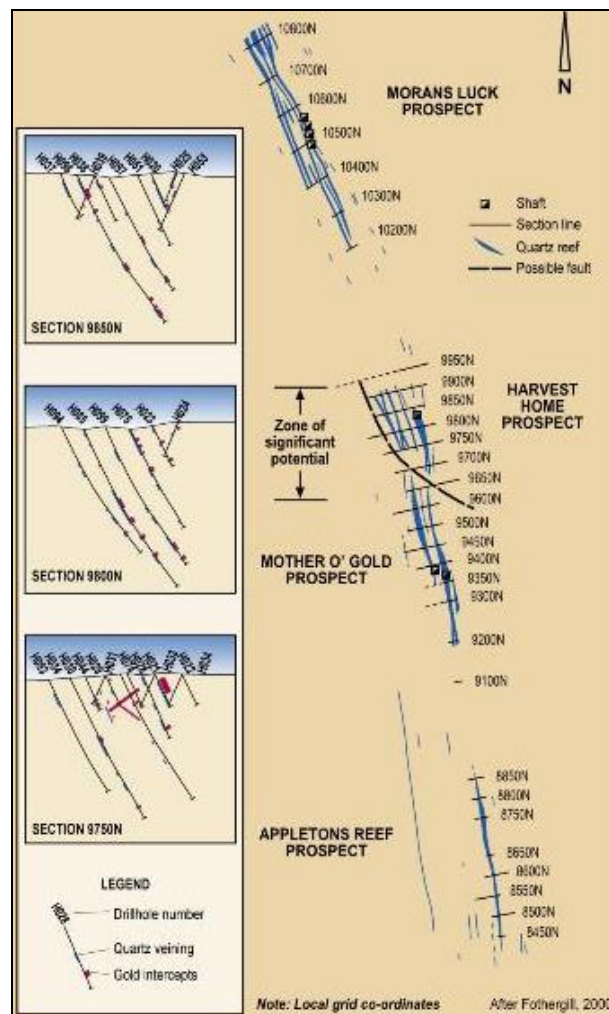


Figure 6: Harvest Home Prospects

Resource and Operational Review

The approvals processes for the development of a production pit that will encompass and extend the existing bulk sample pit is complete. 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.

Queens Birthday (EL 5528)

This area is adjacent to and immediately to the north of Harvest Home. 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. GBM is preparing a report on the results of a field exploration survey that was carried out on the tenement.

Wehla (EL 6369)

Wehla is a shear hosted gold mineralised system that lies at the northern end of the Goldsbrough – 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 with Scotchman's and Hungarian between 50 and 200 metres to the east. Each discrete set of gold workings provides an exploration target. GBM is preparing an exploration program for this site.

McIntyre (MIN 5093)

The McIntyre project is located 50 kilometres northwest of Maldon and is just to the east of the Goldsbrough Wehla Shear Zone. Mining Licence MIN 5093 is centred on the Matrix Reef Mine and is part of the Berlin goldfield. GBM is awaiting finalisation of the transfer of the tenement.

Fiddlers Creek (EL6155)

An Exploration Licence application covering the Percydale Goldfield has been approved. There is an abundance of known workings associated with the Percydale Fault Zone. The planned exploration is directed towards known mineralization trends in the vicinity of Fiddlers Creek and Perseverance mines particularly near areas of historical workings.

Resource and Operational Review

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 2018

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 26 September 2018 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	No. of Holders	No. of Ordinary Shares
1 – 1,000	21	5,330
1,001 – 5,000	46	162,433
5,001 – 10,000	108	992,329
10,001 – 100,000	307	13,129,696
100,001 and over	<u>200</u>	<u>1,104,029,768</u>
Total Shareholders	682	1,118,319,556

Holders of Non-Marketable Securities

There are 427 shareholders holding less than a marketable parcel of ordinary shares based on the market price of 0.07c at 26 September 2018.

ASX Additional Information

Names of 20 Largest Holders by Quoted Security

Holders of Quoted Ordinary Shares (as at 26 September 2018)

Rank	Name	Units Held	% of Issued Capital
1	Monex Boom Securities (HK) Ltd	226,905,600	20.29
2	Silver Bright International Development Limited	200,000,000	17.88
3	Citicorp Nominees Pty Limited	96,988,013	8.67
4	J P Morgan Nominees Australia Limited	81,055,210	7.25
5	Chasen Holdings Ltd	75,622,500	6.76
6	Sterlington Resources Ltd	47,916,667	4.28
7	Pershing Australia Nominees Pty Ltd	44,087,881	3.94
8	Ganesha Capital Holdings Limited	40,000,000	3.58
9	MS VV Limited	33,333,333	2.98
10	HSBC Custody Nominees (Australia) Limited	30,846,960	2.76
11	Yan Zhang	25,000,000	2.24
12	Hoi Kwong Paul Chan	16,200,000	1.45
13	BNP Paribas Noms Pty Ltd	11,430,098	1.02
14	Peter & Helen August	10,000,000	0.89
15	Tom & Tania Vlahos	10,000,000	0.89
16	Erceg Enterprises Pty Ltd	8,250,000	0.74
17	Anita Hallberg	6,717,667	0.60
18	Andrew Mounas	6,500,000	0.58
19	Wing Yan Ip	6,138,787	0.55
20	Chan Nominees No. 1 Pty Ltd	6,000,000	0.54
Total		982,992,716	87.90%

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' 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 2018 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). 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.

Directors' Report

Mr John Harrison

Executive Director & CEO (2013 - present)

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, 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)

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)

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.

Directors' Report

Mr Andrew Chan

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

Mr Chan holds a Bachelor of Arts and a Bachelor of Laws degrees. Mr Chan's background is as a corporate and commercial lawyer with in excess of 10 years' experience. 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 has held the position of Company Secretary since 9 July 2013. – 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).

Director	Board Meetings		Audit Committee Meetings	
	Attended	Held	Attended	Held
Mr E JP Ng	2	3	2	2
Mr P H K Chan	3	3	-	-
Mr J Harrison	3	3	-	-
Mr A Lai	3	3	2	2
Ms L Lau	2	3	-	-
Mr A Chan	3	3	-	-
Ms J Wang	-	3	-	-

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 2018, approved by the Board. It also includes details on the company's governance arrangements and copies of relevant policies.

Directors' Report

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.

Directors' Report

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.

A director may 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.

Directors' Report

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)	2018	182,648	-	17,352	-	-	-	-
	2017	182,648	-	17,352	-	-	-	-
Mr P HK Chan (Non-Executive Director)	2018	-	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-
Mr A Lai (Non-Executive Director)	2018	-	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-
Mr E JP Ng (Non-Executive Chairman)	2018	-	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-
Ms L Lau (Non-Executive Director)	2018	-	-	-	-	-	-	-
	2017	-	-	-	-	30,000	-	100%
Mr A Chan (Non-Executive Director & Company Secretary)*2	2018	48,000	-	-	-	-	-	-
	2017	48,000	-	-	-	30,000	-	38%
Ms J Wang (Non-Executive Director)	2018	-	-	-	-	-	-	-
	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 2018 or 2017 financial years.

Directors' Report

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 2018	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	4,500,000	-	-	-	4,500,000
Mr A Chan	6,000,000	-	-	-	6,000,000
Ms J Wang	200,000,000	-	-	-	200,000,000
	397,463,383	-	-	-	397,463,383

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

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 J P 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
Ms 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
	391,463,383	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.

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above and note 22.

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.

	2014	2015	2016	2017	2018
Net profit/(loss)	(\$5.0m)	(\$1.9m)	(\$1.1m)	(\$1.3m)	(\$1.0m)
Share price at year end	\$0.006	\$0.005	\$0.011	\$0.009	\$0.007
Dividends paid	0.0c	0.0c	0.0c	0.0c	0.0c

END OF AUDITED REMUNERATION REPORT

Directors' Report

Principal Activities

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

1. Finalisation of preparations for the mining of gold and sulphides from the Kangaroo Flat coarse sand dam. The processing equipment was transported from Malaysia to the Kangaroo Flat mine site and commissioning of the equipment is imminent.
2. Finalising the program for underground exploration on the Nell Gwynne Line of Reef to allow the requisite approvals to be received, which will result in the reopening of the Swan Decline.
3. Completing the approvals process with Earth Resources and the local Shire Council for the development of an open pit mine at the Harvest Home project.
4. 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 has now been completed and all approvals required have been received from Earth Resources and the local Shire Council.

The processing equipment was transported from Malaysia to the Kangaroo Flat mine site in recent months and the equipment is being prepared for commissioning to allow the commencement of the processing of coarse sand dam to recover the gold.

Exploration studies were finalised on the Bendigo goldfield that focussed on a near term target on the Nell Gwynne anticline.

Strategies and Prospects for Future Financial Years

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

- The majority of the Kangaroo Flat Mine 600,000 tonne per annum gold ore processing plant that is currently held for sale is recorded as assets classified as held for sale in the sum of \$3,950,455. The processing plant is surplus to the Companies requirements as the size of the plant is not in line with the expected extraction rate of mining in the future. GBM Gold through its wholly owned subsidiary Kralcopic Pty Ltd and Australian Mining Equipment Exporters Pty Ltd ('AME') are parties to an asset sale agreement in respect of the Kangaroo Flat Mine 600,000 tonne per annum gold ore processing plant dated 24 July 2017 ('ASA'). AME has been notified that it is in breach of its obligations under the ASA to proceed with the Second and Third Tranche

Directors' Report

Completion and pay the Second and Third Tranche Purchase Price. The Second Tranche Completion was due to occur on the 1st December 2017 and the Third Tranche Completion was due to occur on the 31st January 2018. Kralcopic was capable of fulfilling its obligations under the ASA subject to AME paying the Second and Third Tranche Purchase Price. GBM and AME are working together to resolve the situation.

- 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 finalising 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 has completed 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 entered into an agreement to sell the Kangaroo Flat gold processing plant for \$6,200,000 to Australian Mining Equipment Exporters Pty Ltd ('AME') in July 2017. The first tranche of the sale proceeds of \$1,450,000 were received by GBM in July 2017. The remaining tranches were due in late 2017 and early 2018 however AME have breached its obligations as the payments have not been made and GBM have advised AME accordingly. GBM and AME are working together to resolve the situation.
- 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

Directors' Report

the short term loan was repaid in August 2017 and the remaining \$550,000 will be repaid when the sale of the Kangaroo Flat Gold Processing Plant occurs.

- Additional components of the Kangaroo Flat gold processing plant have been sold during April and May 2018 for the sum of \$470,000. \$235,000 from the proceeds of these sales has been paid to Unity Mining Limited ('Unity') to reduce the loan liability owing to Unity as per the Bendigo asset sale agreement.
- The 3rd deferred bond instalment of \$1,878,000 was due in May 2018 and is still owed to Unity Mining 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. It is anticipated that either with the resolution of the outstanding Second and Third Tranche payments from AME or sale of the plant to an alternate party that the third deferred bond instalment will be paid to Unity Mining.

Controlled Entities List

	CAN	Percentage Owned 30 June 2018	Percentage Owned 30 June 2017
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%
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

There were no 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

Directors' Report

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 2018 financial year the Company has paid insurance premiums of \$28,725 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 26 forms part of the Directors' Report for the financial year ended 30 June 2018.

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



Frederick Eric J P Ng
Chairman



John Harrison
Director & CEO

Auditors Independence Declaration



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F +61 3 8102 3400
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 2018 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.

A handwritten signature in blue ink that reads "ShineWing Australia".

ShineWing Australia
Chartered Accountants

A handwritten signature in blue ink that reads "M. Schofield".

Matthew Schofield
Partner

Melbourne, 27 September 2018

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	2018	2017
		\$	\$
Other income	5	695,742	690,819
Bendigo project care & maintenance expenses		(939,000)	(1,051,137)
Depreciation and impairment expenses	6	(8,693)	(16,631)
Interest		(19,439)	(13,997)
Share based payments	21	-	(60,000)
Administrative expenses	6	(752,009)	(1,072,292)
Results from continuing activities		(1,023,399)	(1,523,238)
Income Tax Expense	4	-	-
Loss for the year from continuing operations		(1,023,399)	(1,523,238)
Profit/(loss) from discontinued operations	7	-	207,069
Other comprehensive income		-	-
Total Comprehensive Loss for the year		(1,023,399)	(1,316,169)
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)
Diluted earnings per share (cents per share)		-	(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 2018

		Consolidated	
	Note	2018	2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	10	76,285	49,601
Receivables	11	267,424	125,122
Assets classified as held for sale	12	3,950,455	5,895,000
Total current assets		4,294,164	6,029,723
Non-current assets			
Other financial assets	13	5,963,000	6,013,500
Property, plant and equipment & mine development	14	288,914	297,607
Exploration and evaluation	15	629,306	621,046
Total non-current assets		6,881,220	6,932,153
Total assets		11,175,384	13,001,876
Liabilities			
Current liabilities			
Trade and other payables	17	574,747	560,137
Financial liabilities	18	4,023,000	2,978,000
Provisions	19	83,104	65,307
Liabilities directly associated with assets classified as held for sale	12	-	-
Total current liabilities		4,680,851	3,603,444
Non-current liabilities			
Provisions	19	5,963,000	6,013,500
Financial liabilities	18	-	1,830,000
Total non-current liabilities		5,963,000	7,843,500
Total liabilities		10,643,851	11,446,944
Net assets		531,533	1,554,932
Equity			
Share capital	20	27,951,122	27,951,122
Accumulated losses		(27,419,589)	(26,396,190)
Total equity		531,533	1,554,932

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

Consolidated	Share capital	Accumulated losses	Total
	\$	\$	\$
Balance 1 July 2016	26,600,707	(24,872,952)	1,727,755
Comprehensive Income for the Year			
Loss for the year	—	(1,523,328)	(1,523,328)
Total Comprehensive Income for the Year	—	(1,523,328)	(1,523,328)
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
Comprehensive Income for the Year			
Loss for the year	—	(1,023,399)	(1,023,399)
Total Comprehensive Income for the Year	—	(1,023,399)	(1,023,399)
Transactions with Owners in their Capacity as Owners:			
Shares issued	—	—	—
Transaction Costs	—	—	—
Balance at 30 June 2018	27,951,122	(27,419,589)	531,533

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Note	Consolidated	
		2018	2017
		\$	\$
Cash flows from operating activities			
Cash receipts from customers		228,011	500,048
Cash paid to suppliers and employees		(1,647,664)	(1,753,569)
Interest received		209,126	165,588
Interest paid		(30,378)	(7,956)
Net cash outflow from operating activities	27	(1,240,905)	(1,095,889)
Cash flows from investing activities			
Acquisition of exploration and evaluation assets		(8,260)	-
Acquisition of property, plant & equipment		-	(11,800)
Proceeds from the sale of shares in subsidiary		-	300,000
Proceeds from sale of property, plant & equipment		2,060,849	121,344
Sale of subsidiary net assets		-	-
Net cash inflow from investing activities		2,052,589	409,544
Cash flows from financing activities			
Net proceeds from the issue of share capital		-	740,000
Repayment of loans		(785,000)	(1,130,000)
Proceeds from borrowings		-	1,100,000
Net cash inflow/(outflow) from financing activities		(785,000)	710,000
Net increase in cash and cash equivalents		26,684	23,655
Cash and cash equivalents at 1 July		49,601	25,946
Cash and cash equivalents at 30 June	10	76,285	49,601

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

Notes to the 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 2018 comprise GBM Gold Ltd and its subsidiaries (together referred to as the 'Group') and the Group's interest in 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 26 September 2018.

Basis of Measurement

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs.

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.

Notes to the Financial Statements

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 \$629,306.

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 \$1,023,399 and an operating cash outflow of \$1,240,905 for the financial year ended 30 June 2018. At that date the Group has a working capital deficiency of \$386,687 (2017: net current asset position of \$2,466,279.)

In forming a view that the Group is a going concern, the directors note the following:

- The majority of the Kangaroo Flat Mine 600,000 tonne per annum gold ore processing plant that is currently held for sale is recorded as assets classified as held for sale in the sum of \$3,950,455. The processing plant is surplus to the Companies requirements as the size of the plant is not in line with the expected extraction rate of mining in the future. GBM Gold through its wholly owned subsidiary Kralcop Pty Ltd and Australian Mining Equipment Exporters Pty Ltd ('AME') are parties to an asset sale agreement in respect of the Kangaroo Flat Mine 600,000 tonne per annum gold ore processing plant dated 24 July 2017 ('ASA'). AME has been notified that it is in breach of its obligations under the ASA to proceed with the Second Tranche Completion and pay the Second Tranche Purchase Price. The Second Tranche Completion was due to occur on the 1st December 2017. Kralcop was capable of fulfilling its obligations under the ASA subject to AME paying the Second Tranche Purchase Price. GBM and AME are working together to resolve the situation.
- \$1,878,000 was 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. It is anticipated that with either the resolution of the

Notes to the Financial Statements

outstanding Second and Third Tranche payments from AME or sale of the plant to an alternate party, or the raising of capital that the third deferred bond instalment will be paid to Unity Mining.

- \$550,000 of loan funds are payable to the Company's largest shareholder Silver Bright International Development Limited ('SBDI'), which is currently disclosed as a current financial liability. SBDI will require the loan funds to be repaid when either the sale of the Kangaroo Flat Gold Processing Plant or the raising of capital occurs.
- Future cash inflows are expected from the gold revenue sales from the processing of tailings, open pit operations and also inflows from a number of rental and operating leases for various facilities and infrastructure.

If the sale of the remaining parts of the gold ore processing plant does not eventuate in the short term, the combination of income from other cash inflows as outlined above, plus the directors are confident to raise sufficient working capital if required would ensure the Group's ability to continue as a going concern.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern and to be able to pay their debts as and when they fall due, and therefore the consolidated entity, maybe unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

However, 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 22(c).

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

Notes to the Financial Statements

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 29, investments in subsidiaries are carried at cost.

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

Notes to the Financial Statements

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 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.

Notes to the Financial Statements

(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.

Notes to the Financial Statements

(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.

Notes to the Financial Statements

(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

Notes to the Financial Statements

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.

Notes to the Financial Statements

(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

Notes to the Financial Statements

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.

Notes to the Financial Statements

(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)¹.

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments, revised impairment requirements and simplified requirements for hedge accounting.

The revised requirements include:

- simplifications to the classification of financial assets
- simplifications to the accounting of embedded derivatives
- an expected loss impairment model
- the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in Other comprehensive income.
- 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.

Notes to the Financial Statements

The financial assets and liabilities of the Group consist of cash, receivables and payables. Therefore, the directors do not expect a material impact on transition to AASB 9.^{2,3}

AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018).

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)
- recognise revenue when (or as) the performance obligations are satisfied

The directors do not expect a material impact when this standard is adopted.

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

AASB 16 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 directors do not expect a material impact when this standard is adopted.

Notes to the Financial Statements

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual reporting periods beginning on or after 1 January 2018).

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a “business” as defined in AASB 3: *Business Combinations* to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The directors do not expect a material impact when this standard is adopted.

AASB 2016-5: Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions (applicable from 1st January 2018)

This standard provides guidance on treatment of vesting conditions in a cash-settled share based payment arrangement that are similar to what has been prescribed for equity settled share based payment arrangements. It also clarifies that, subject to certain exceptions, share based payment transactions with net-settlement feature on account of withholding tax obligations should be classified in entirety as equity settled share based payment.

Since the Group does not have a policy of cash-settled share based awards or net-settlement features in equity settled plans, this standard is not expected to impact the Group's financial statements.⁴

AASB 2017-1: Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments (applicable to annual reporting periods beginning on or after 1 January 2018)

This standard amends AASB 140: *Investment Property* to clarify that a change in use of a property is evidenced only by acts indicating actual change in use and not merely due to change in management intentions.

This standard also amends AASB 128: *Investments in Associates and Joint Ventures* to provide that the election to measure investment in an associate or joint venture that is held through venture capital

Notes to the Financial Statements

organisations or a mutual fund, unit trust and similar entities including investment linked insurance funds at fair value through profit or loss, should be made at the time of initial recognition of the investment in associate or joint venture. Similarly the election by an entity that is not an investment entity to retain fair value measurements used by its investment entity associate or joint venture for its subsidiaries, has to be made at the later of:

- (a) the date of initial recognition of the associate or joint venture;
- (b) date when the investment entity associate or joint venture becomes a parent; and
- (c) date when the associate or joint venture becomes an investment entity.

The directors do not expect a material impact on the Group's financial statements when this standard is adopted.⁴

AASB 2017-6: Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation (applicable to annual reporting periods beginning on or after 1 January 2019)

This standard amends AASB 9 to permit an entity to measure its financial assets with prepayment feature at amortised cost or fair value through other comprehensive income notwithstanding the type of event or circumstances causing the early termination of the contract and the fact whether the entity pays or receives a reasonable compensation for the early termination.

The transitional provisions of the standard require retrospective application of the amendments. However, the directors do not expect a material impact on the Group's financial statements when this standard is adopted.⁴

AASB 2017-7: Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures (applicable to annual reporting periods beginning on or after 1 January 2019)

This amendment to AASB 128 clarifies that an entity should apply the requirements in AASB 9 to its long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture and that are not equity-accounted. However, the loss allocation and impairment requirements in AASB 128 are required to be applied after accounting for such interests in accordance with AASB 9.

The directors do not expect a material impact on the Group's financial statements when this standard is adopted.⁴

AASB 2018-1: Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle (applicable to annual reporting periods beginning on or after 1 January 2019)

The Standard amends:

- AASB 3 *Business Combinations* to clarify that an entity remeasures its previously held interest in a joint operation when it obtains control of the business;
- AASB 11 *Joint Arrangements* to clarify that an entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business;

Notes to the Financial Statements

- AASB 112 Income Taxes to clarify that an entity accounts for all income tax consequences of dividend payments according to where the entity originally recognised the past transactions or events that generated the distributable profits; and
- AASB 123 Borrowing Costs to clarify that an entity treats any borrowing originally made to develop a qualifying asset as part of general borrowings when the asset is ready for its intended use or sale.

The above amendments are required to be prospectively applied.

In the opinion of the directors

- Although the amendments to AASB 3 and AASB 11 mentioned above may have an impact on the financial statements of the Group it is impracticable to make a reasonable estimate of the impact on initial application.
- The amendments to AASB 112 and AASB 123 are not expected to have a material impact on the Group's financial statements since the current accounting policies of the Group are already aligned with the amended standards

AASB 2018-2: Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement (applicable to annual reporting periods beginning on or after 1 January 2019)

The Standard amends AASB 119 to specify how an entity accounts for defined benefit plans when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments require an entity to use the assumptions used for the re-measurement of the net defined benefit liability or asset to determine the current service cost and the net interest for the remainder of the reporting period after a plan event occurs. The Standard also clarifies that, when a plan event occurs, an entity recognises the past service cost or a gain or loss on settlement separately from its assessment of the asset ceiling.

The directors do not expect a material impact on the Group's financial statements when this interpretation is adopted.

Interpretation 22: Foreign Currency Transactions and Advance Consideration

This interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

Interpretation 22 mandatorily applies to for-profit entities for annual reporting periods beginning on or after 1 January 2018 and to not-for-profit entities for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

The directors do not expect a material impact on the Group's financial statements when this standard is adopted.

Interpretation 23: Uncertainty over Income Tax Treatments (applicable from annual reporting periods beginning on or after 1 January 2019)

Notes to the Financial Statements

This interpretation clarifies that when determining the taxable profit (loss), tax base, unused tax loss, unused tax credit and tax rates, the probability of the 'uncertain tax treatment' being accepted by the taxation authority has to be taken into account. Any change in facts and circumstances that impacts the judgement or estimates required by this interpretation has to be recognised with prospective effect.

The directors do not expect a material impact on the Group's financial statements when this interpretation is adopted.

4. Income Tax

	Consolidated	
	2018	2017
	\$	\$
Income tax recognised in Loss		
Loss from ordinary activities	(1,023,399)	(1,316,168)
Income tax benefit calculated at 30% of loss from ordinary activities	(307,020)	(394,850)
Add tax effect of permanent and timing differences:		
Non-deductible items	-	-
Movements in provisions	(9,811)	(10,787)
Income tax benefit attributable to operating loss	(316,831)	(384,063)
Income tax benefit not recognised	316,831	384,063
Income tax expense	-	-

The amount of carried forward revenue tax losses for the group at 30 June 2018 \$13,017,655 (2017: \$11,994,256) have not been recognised due to the uncertainty of timing in relation to when taxable profits will be derived.

5. Revenue

	Consolidated	
	2018	2017
	\$	\$
Non-operating activities		
- R&D Tax offset refund	-	123,120
- Pumping and lease fees	368,424	347,100
- Profit on sale of assets	116,304	39,727
- Interest received	207,534	165,588
- Other Income	3,480	15,284
Total Revenue from non-operating activities	695,742	690,819
Total Operating and Non-operating revenue	695,742	690,819

Notes to the Financial Statements

6. Depreciation & Administrative Expenses

	Consolidated	
	2018	2017
	\$	\$
Depreciation - Amortisation	8,693	8,722
Impairment expense	-	7,909
Total Depreciation and Impairment Expenses	8,693	16,631
Employee benefit expenses		
Salaries and Wages	252,000	249,728
On-costs	22,180	57,629
	274,180	307,357
Other administrative expenses		
Accounting, Income & R&D taxation	37,350	63,350
Audit fees	50,000	50,000
Other administrative expenses	390,479	651,584
	477,829	764,934
Total Administrative Expenses	752,009	1,072,292

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:

	2018	2017
Results from discontinued operations		
Revenue	-	303,310
Expenses	-	(3,757)
Profit / (loss) before income tax	-	299,553
Income tax expense	-	-
Profit / (loss) attributable to members of the parent entity	-	299,553
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)
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

Notes to the Financial Statements

8. Auditors' Remuneration

	Consolidated	
	2018	2017
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

	2018	2017
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	(1,023,399)	(1,523,238)
Loss from disposal group classified as held for sale	-	-
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	1,118,319,556	1,097,078,399

10. Cash and Cash Equivalents

	Consolidated	
	2018	2017
Cash at bank	\$	\$
	76,285	49,601
	76,285	49,601

Notes to the Financial Statements

11. Receivables

	Consolidated	
	2018	2017
	\$	\$
Trade receivables	-	-
Other Receivables	267,424	125,122
	267,424	125,122

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)				Within Initial Trade Terms \$000
			< 30 \$000	31-60 \$000	61-90 \$000	> 90 \$000	
2018							
Trade and term receivables	-	-	-	-	-	-	-
Other receivables	267,424	-	169,270	3,529	5,054	89,571	169,270
Total	267,424	-	169,270	3,529	5,054	89,571	169,270
2017							
Trade and term receivables	-	-	-	-	-	-	-
Other receivables	125,122	-	60,060	11,987	4,950	48,125	60,060
Total	125,122	-	60,060	11,987	4,950	48,125	60,060

12. Assets Classified As Held For Sale

	2018	2017
	\$	\$
Assets classified as held for sale		
Plant, property & equipment *1	3,950,455	5,895,000
	3,950,455	5,895,000
Liabilities directly associated with assets classified as held for sale		
Provisions	-	-
	-	-

- *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 first tranche of the sale proceeds of \$1,450,000 was received by GBM on the 27th July 2017. AME has been notified that it is in breach of its obligations under the sale agreement for the payment of the second and subsequent tranches. GBM and AME are working together to resolve the situation. Additional components of the Kangaroo Flat gold processing plant have been sold during April and May 2018 for the sum of \$470,000. \$235,000 from the proceeds of these sales has been paid to Unity Mining Limited ('Unity') to reduce the loan liability owing to Unity as per the Bendigo asset sale agreement.

Notes to the Financial Statements

13. Other Financial Assets

	Consolidated	
	2018	2017
	\$	\$
Non-Current Bonds	5,963,000	6,013,500
	5,963,000	6,013,500

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 \$5,963,000 (2017: \$6,013,500) as security for these bank guarantees. \$5,948,000 (2017: \$5,948,000) represents the rehabilitation provisions associated with the Bendigo Goldfield.

14. Property, Plant and Equipment & Mine Development

	Consolidated	
	2018	2017
	\$	\$
Plant and Equipment		
At cost	90,109	90,109
Accumulated Depreciation	(85,629)	(76,936)
	4,480	13,173
Mine Development		
At cost	727,904	727,904
Accumulated Impairment*1	(222,850)	(222,850)
Accumulated Depreciation	(294,765)	(294,765)
	210,289	210,289
Land		
At cost	74,145	74,145
	74,145	74,145
	288,914	297,607

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

Consolidated 2018	Plant & Equipment	Mine Development	Land	Total
	\$	\$	\$	\$
Balance 1 July 2017	13,173	210,289	74,145	297,607
Additions	—	—	—	—
Classified as assets held for sale	—	—	—	—
Disposals	—	—	—	—
Depreciation Expense	(8,693)	—	—	(8,693)
Balance at 30 June 2018	4,480	210,289	74,145	288,914

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

Notes to the Financial Statements

15. Exploration & Evaluation

Area of interest	Consolidated	
	2018	2017
	\$	\$
GBGM Operations	60,000	60,000
Wilson Hill (Harvest Home joint venture)*1	569,306	561,046
	629,306	621,046

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

(i). Reconciliation of Movement in Exploration & Evaluation

	2018	2017
	\$	\$
Balance 1 July	621,046	599,818
Additions	8,260	29,137
Impairment of joint operation interest and exploration expenditure	-	(7,909)
Transfer from/(to) assets classified as held for sale	-	-
Balance at 30 June	629,306	621,046

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 contributed exploration development expenditure to the project and will earn a 50% interest in the project once mining commences or GBM expend \$1,000,000 on the project.

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:

	2018	2017
Non-current assets		
Exploration development expenditure	569,306	561,046
TOTAL NON-CURRENT ASSETS	569,306	561,046
TOTAL ASSETS	569,306	561,046
Net interest in Harvest Home Joint Operation	569,306	561,046

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.

Notes to the Financial Statements

17. Trade and Other Payables

	2018	2017
	\$	\$
Accrued Expenses	261,907	128,951
Trade Creditors	312,840	431,186
	574,747	560,137

18. Financial Liabilities

	Consolidated	
	2018	2017
	\$	\$
Current		
Director & Related Parties Loans*1	550,000	1,100,000
Other*2	3,473,000	1,878,000
	4,023,000	2,978,000

*1 Relates to a \$1,100,000 unsecured short term loan @ 6% interest, provided by Silver Bright International Development Limited which has been paid down to \$550,000. The outstanding balance and interest is due to be repaid when the sale of the Kangaroo Flat Gold Processing Plant occurs.

*2 \$1,878,000 was due to be payable to Unity Mining in May 2018 for the third deferred bond instalment and \$1,830,000 is due to be paid to Unity Mining in May 2019, 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. GBM Gold paid \$235,000 during the 2018 financial year to Unity Mining due to sale of part of the Kangaroo Flat Gold Processing Plant. The third deferred bond instalment attracts a 10% interest rate for the number of days that the payment is overdue. It is anticipated that with the resolution of the outstanding Second and Third Tranche payments from Australian Mining Equipment Exporters Pty Ltd or the sale of the process plant to an alternate party that the third deferred bond instalment will be paid to Unity Mining.

	Consolidated	
	2018	2017
	\$	\$
Non – Current		
Other*1	-	1,830,000
	-	1,830,000

*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.

Notes to the Financial Statements

19. Provisions

	Consolidated	
	2018	2017
	\$	\$
Current		
Employee benefits	83,104	65,307
Total Provisions	83,104	65,307

(i) Reconciliation of Movement in Provisions

Current	Total
	\$
Balance 1 July 2017	65,307
Amounts used/paid	(7,599)
Additional amounts provided	25,396
Balance at 30 June 2018	83,104

	Consolidated	
	2018	2017
	\$	\$
Non - Current		
Rehabilitation Provision *1	5,963,000	6,013,500
Total Provisions	5,963,000	6,013,500

\$5,948,000 (2017: \$5,948,000) represents the rehabilitation provisions associated with the Bendigo Goldfield and the remaining \$15,000 (2017: \$65,500) 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 \$5,963,000 (2017: \$6,013,500) as security for these bank guarantees. (Refer to Note 13)

20. Issued Capital

	Consolidated	
	2018	2017
	\$	\$
Fully paid ordinary shares	27,951,122	27,951,122

The Company has authorised share capital of 1,118,319,556 (1,118,319,556 at end of 2017 reporting period) ordinary shares of no par value.

	Consolidated	
	2018	2017
	No.	No.
Ordinary Shares		
At the beginning of the reporting period	1,118,319,556	985,784,944
Shares issued during the year	-	132,534,612
At the end of the reporting period	1,118,319,556	1,118,319,556

Notes to the Financial Statements

21. 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)	Full year

The totals of remuneration paid to KMP of the company and the Group during this year are:	Consolidated	
	2018	2017
	\$	\$
Short-term employee benefits	230,648	230,648
Post-employment benefits	17,352	17,352
Other long-term benefits	–	–
Share Based payments	–	60,000
	248,000	308,000

Refer also to the remuneration report contained in the directors' 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 2018.

Notes to the Financial Statements

22. 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 21: Interests of Key Management Personnel (KMP).

(c) Subsidiaries:		Country of Incorporation	Percentage Owned 30 June 2018	Percentage Owned 30 June 2017	Investment in Subsidiary 2018	Investment in Subsidiary 2017
	ACN					
Controlling Entity					\$	\$
GBM Gold Ltd	119 956 624	AUS				
Controlled Entities [†]						
Goldsborough Mining Pty Ltd	072 849 220	AUS	100%	100%	-	-
GBM Fiddlers Creek Pty Ltd	119 943 421	AUS	100%	100%	-	-
GBM Wilson Hill Pty Ltd	007 257 452	AUS	100%	100%	575,008	575,008
Kralcopic Pty Ltd	007 222 086	AUS	100%	100%	54,763	54,763
Greater Bendigo Gold Mines Pty Ltd	116 991 691	AUS	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 2018 financial year GBM repaid \$550,000 of the \$1,100,000 short term loan that had been received from Silver Bright International Development Limited in May 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 Operations for further details).

Notes to the Financial Statements

23. Events Subsequent to the Reporting Date

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

24. Contingent Liabilities and Commitments

Nil.

25. 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.

26. 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:

	Note	2018	Consolidated 2017
Financial assets		\$	\$
Cash and cash equivalents		76,285	49,601
Receivables and prepayments		267,424	125,122
Total Financial assets		343,709	174,723
Financial Liabilities			
Trade and other payables		574,747	560,137
Borrowings		4,023,000	2,978,000
Total Financial Liabilities		4,597,747	3,538,137

(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.

Notes to the Financial Statements

(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	
		2018	2017
Cash and cash equivalents		\$	\$
A- rated		-	-
A rated		76,285	49,601
Total Financial Liabilities		76,285	49,601

(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

Notes to the Financial Statements

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 \$	2018	2017	2018	2017	2018	2017	2018	2017
Financial Liabilities due for payment								
Loans	4,023,000	2,978,000	-	-	-	-	4,023,000	2,978,000
Trade and other payables	574,747	560,137	-	-	-	-	574,747	560,137
Finance lease liability	-	-	-	-	-	-	-	-
Total contracted Outflow	4,597,747	3,538,137	-	-	-	-	4,597,747	3,538,137
Financial assets – cash flows realisable								
Cash and cash equivalents	76,285	49,601	-	-	-	-	76,285	49,601
Trade, term and loan receivables	267,424	125,122	-	-	-	-	267,424	125,122
Total anticipated inflows	343,709	174,723	-	-	-	-	343,709	174,723
Net (outflow)/inflow on financial instruments	(4,254,038)*1	(3,363,414)*1	-	-	-	-	(4,254,038)	(3,363,414)

*1 The sale of the Kangaroo Flat Mine processing plant and share capital raising proceeds 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 2018 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 Group's 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 2017 and 30 June 2018, 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.

Notes to the Financial Statements

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 2018.

Financial Instrument	Weighted average Effective interest rate		Consolidated Entity		Floating Interest Rate		Non-Interest Bearing		Fixed Interest Rate	
	%	%	2018	2017	2018	2017	2018	2017	2018	2017
Financial Assets										
Cash and cash equivalents	-	-	\$ 76,285	\$ 49,601	\$ 76,285	\$ 49,601	-	-	-	-
Trade and other receivables	-	-	267,424	125,122	-	-	267,424	125,122	-	-
Other financial assets	-	-	-	-	-	-	-	-	-	-
			343,709	174,723	76,285	49,601	267,424	125,122	-	-
Financial Liabilities										
Trade and other payables	-	-	574,747	560,137	-	-	574,747	560,137	-	-
Other financial liabilities	9	9	4,023,000	2,978,000	-	-	1,595,000	1,878,000	2,428,000	1,100,000
			4,597,747	3,538,137	-	-	2,169,747	2,438,137	2,428,000	1,100,000

(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

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

Sensitivity Analysis	Consolidated	
	Profit	Equity
Year end 30 June 2018	\$	\$
+/-2% in interest rates	7,477	7,477
Year end 30 June 2017		
+/-2% in interest rates	7,018	7,018

Notes to the Financial Statements

27. Reconciliation of Cash

Reconciliation of cash	Consolidated	
	2018	2017
	\$	\$
Cash flows from operating activities		
Loss for period	(1,023,399)	(1,316,169)
Director fees received in shares	-	60,000
Depreciation and impairment	8,693	16,632
Change in trade and other receivables	(142,302)	14,546
Change in other financial assets	50,500	25,000
Change in trade and other payables	14,610	132,872
Change in provisions	(32,703)	10,957
(Profit)/loss on sale of assets	(116,304)	(39,728)
Net cash from operating activities	(1,240,905)	(1,095,889)

28. Dividends

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

29. 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 24. Summarised financial information in respect of the Parent Entity is set out below.

	2018	2017
	\$	\$
a) Financial Position		
Assets		
Current assets	3,465	524
Non-current assets	7,958,726	8,780,326
Total assets	7,962,191	8,780,850
Liabilities		
Current liabilities	668,661	1,190,418
Non-Current liabilities	-	-
Total Liabilities	668,661	1,190,418
Net Assets	7,293,530	7,590,432
Equity		
Contributed Equity	27,932,768	27,932,768
Accumulated Losses	(22,639,238)	(22,342,336)
Reserves	2,000,000	2,000,000
Total Equity	7,293,530	7,590,432
b) Financial Performance		
Profit/(Loss) of the year *1	(296,902)	(406,470)
Other comprehensive Income	-	-
Total comprehensive Loss	(296,902)	(406,470)

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 27 to 61, 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 2018 and of the performance for the year ended on that date of the consolidated group;
- c. 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
- d. 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 2018



John Harrison
Director & CEO

Auditor's Report



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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 2018, 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 2018 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$1,023,399 and an operating cash outflow of \$1,240,905 for the year ended 30 June 2018 and, as of that date, the Group's current liabilities exceeded its current assets by \$386,687. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Auditor's Report



Key Audit Matter	How the matter was addressed during the audit
<p>Financial liabilities Note 18</p> <p>The company has current financial liabilities comprising a \$550,000 shareholder loan and \$3,473,000 of deferred bond instalments due to Unity Mining. It was noted that the third deferred bond instalment of \$1,878,000 is now overdue as it was due to be payable to Unity Mining in May 2018. The final deferred bond instalment is due to be paid in May 2019.</p>	<p>We have, among other things, performed the following procedures:</p> <ul style="list-style-type: none"> • Reviewed board minutes and held discussions with management to understand the plans put in place by the directors of the company and management to repay their debt obligations; • Obtained representations from management and the directors around the company's ability to continue as a going concern despite their significant cash shortfall; • Ensured the financial statement disclosures were appropriately reflecting the current situation.
<p>Non-current assets held for sale Note 12</p> <p>As announced to the ASX on the 27th July 2017, GBM Gold entered into an agreement to sell the Kangaroo Flat Gold processing plant for \$6,200,000 to Australian Mining Equipment Exporters Pty Ltd.</p> <p>The first tranche of the sale proceeds of \$1,450,000 was received by GBM on the 27th July 2017.</p> <p>At 30 June 2018 the balance of non-current assets held-for-sale amounted to \$3,950,455.</p> <p>AME has been notified that it is in breach of its obligations under the sale agreement for the payment of the second and subsequent tranches. GBM and AME are working together to resolve the situation.</p>	<p>We have, among other things, performed the following procedures:</p> <ul style="list-style-type: none"> • Reviewed board minutes and held discussions with management to ascertain whether the asset continues to meet the definition of held-for-sale under the accounting standards; • Compared the carrying value of the asset held for sale to its fair value less cost to sell; and • Inspected the premises in order to assess the condition of the assets and sight the items that have been accounted for as held-for-sale.
<p>Impairment of exploration and evaluation assets Note 15</p> <p>The Group is pursuing exploration activities at its tenements and is capitalising costs associated with these activities. At 30 June 2018 capitalised exploration expenses totalled \$629,306.</p> <p>As this is an area of significant judgement to the Group it has been a key focus of the audit.</p>	<p>We have, among other things, performed the following procedures:</p> <ul style="list-style-type: none"> • assessed whether the Group had a current right of ownership to its tenements, either directly or through joint operations, 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 • assessed whether there were any indicators of impairment to ensure that costs that have been capitalised are not impaired.
<p>Rehabilitation obligations Note 19</p> <p>At 30 June 2018 the Group has recognised rehabilitation provisions amounting to \$5,963,000 for tenements it has interests in.</p>	<p>We have, among other things, performed the following procedures:</p> <ul style="list-style-type: none"> • 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;

Auditor's Report



Key Audit Matter	How the matter was addressed during the audit
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.	<ul style="list-style-type: none"> ensured that the provision was consistent with the estimation of expected costs for rehabilitation of the site by the Department of Economic Development, Jobs, Transport and Resources (DEDJTR); 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 2018, 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.

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.

Auditor's Report



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 18 to 21 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of GBM Gold Limited for the year ended 30 June 2018 complies with section 300A of the Corporations Act 2001.

Auditor's Report



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.

A handwritten signature in blue ink, appearing to read 'M. Schofield'.

ShineWing Australia
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'M. Schofield'.

Matthew Schofield
Partner

Melbourne, 27 September 2018