GBM Gold Ltd

ACN: 119 956 624

Annual Report and Financial Statements

For the Year Ended

30 June 2019

Contents

Company Information

Registered Office

66 Ham Street Kangaroo Flat

BENDIGO, Victoria, Australia 3555

Telephone: 03 5445 2300

Auditors

ShineWing Australia

Level 10, 530 Collins St

MELBOURNE, Victoria, Australia 3000

Telephone: 03 8635 1800

Share Registry

Computershare Investor Services Pty Ltd

MELBOURNE, Victoria, Australia 3000

Telephone: 1300 850 505

Stock Exchange Listing

Australian Stock Exchange — Code: GBM

Chairman’s Letter

Dear Shareholders,

The 2019 financial year has been eventful for the Company. Despite continued active development and investment in the Company’s long-term strategy following the acquisition of the Bendigo Goldfield, we not been able to derive significant revenue. Regulatory approvals were finally received for our ‘shovel ready’ projects during the year, after more than two years delay as reported in my Chairman’s letters of 2017 and 2018.

These ‘shovel ready projects’ include the tailings stored at the Kangaroo Flat sand dam from previous mining operations, and the Harvest Home open pit mine, have the potential to provide the Company with significant revenue. Work had commenced to recover the estimated 5,100 ounces of gold in the sand dam tailings when the Regulators notified the Company that they had refused to renew the Bendigo Mining Licences, bringing a halt to the operations and the loss of jobs for eight of our valued employees as well as our plan to reopen the Swan Decline at Kangaroo Flat and the highly prospective Nell Gwynne Dome for underground exploration and development. The Company has received advice and is appealing against the regulators’ decision. This matter has been set for trial in September 2020.

The Company announced a fully underwritten 1 for 1 non-renounceable rights issue to raise $6.67 million (before costs) at an issue price of $0.006 per share on 15 May 2019 to undertake the following:

- Repay Unity Mining debt of approximately $2.58 million and shareholder debts of approximately $1.83 million.
- Working capital for the Harvest Home Open Pit Mine providing a low-cost ore source and other explorations to bring more tenements into production
- Transform the Woodvale Evaporation Pond Complex into a 60MW Solar Power Plant. Details of this project are being finalized between GBM Gold and a Joint Venture partner that will develop the project to supply power to Bendigo

The successful completion of the $6.67 million rights issue would position the Company to generate revenue and to eliminate liabilities, both present and future by repurposing the redundant evaporation ponds at Woodvale with the construction of a green energy project that may also contribute income to the Company.

Unfortunately, as announced to the ASX on 15 November 2019, due to delay in the receipt of fund, the fully underwritten rights issue had to be withdrawn and subscription money returned to shareholders. At its current price, gold is an attractive investment opportunity and the Board is actively seeking third party investment.

The Board would like to acknowledge and thank all its loyal shareholders (old and new), our Joint Venture Partners, our hard-working technical and Corporate team for their collective effort for the Company in 2019, as the Company positions itself to deliver long term sustainable growth for the Company and value for our shareholders.

Yours faithfully,

Frederick Eric JP Ng Chairman
GBM Gold Ltd
14 July 2020

Summary

GBM's ultimate objective of 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 is on hold while the Refusal to Renew the Bendigo Mining Licences by Earth Resources Regulation is reviewed. GBM Gold has one mining licence, four exploration licences, two exploration licences under application, three mining licences subject to review 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	0% - Licence Renewal Refused (Subject to Review)
Whip & Jersey	MIN 4878	0% - Licence Renewal Refused (Subject to Review)
Woodvale	MIN 5364	0% - Licence Renewal Refused (Subject to Review)
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%

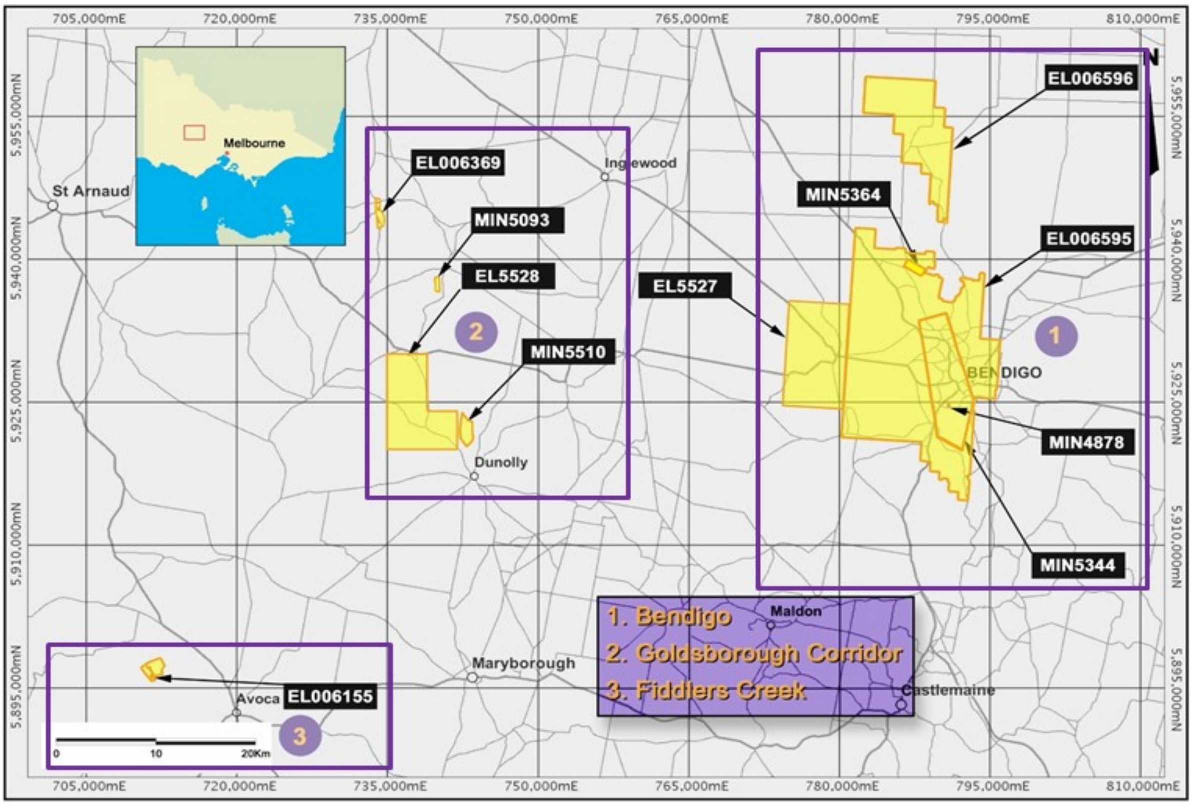

Figure 1: GBM Gold Projects

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

Kangaroo Flat Sand Dam Project (MIN5344)

As reported in the September 2017 Quarterly Report, GBM Gold Ltd entered into an agreement with Gold Miners Australia to jointly reprocess tailings sand in the Kangaroo Flat Coarse Sand Dam to recover the contained gold and sulphides.

The sand dam is estimated to hold 320,000 tonnes indicated and 110,000 tonnes inferred for a total of 430,000 tonnes of material containing 5,100 ounces of gold at a grade of 0.37 g/t as reported in the revised March 2017 Quarterly Report released in April 2017. The project is expected to take two to three years to complete with profit being shared 50/50 between the parties.

Bendigo Mining constructed a 600,000 tpa gold processing plant on its mine site at Kangaroo Flat. There was a focus on reuse of tailings products to reduce the environmental impact of the project in keeping with the principles of Economically Sustainable Development. The majority of the tailings were planned to be from early process stages that did not require the addition of chemicals for leaching. Implementing these principals resulted in the construction of separate dams for Coarse Sand, Fine Sand and Leached Tailings (Figure 2).

Figure 2: Kangaroo Flat Site

The plant produced 750,000 tonnes of tailings split into the following categories:

- Coarse Sand – 430,000 tonnes
- Fine Sand – 200,000 tonnes
- Leached Tailings – 20,000 tonnes

Approval was given to Bendigo Mining for the sale of the 430,000 tonnes of sand in the Coarse Sand Dam for reuse in markets such as the packing sand and concrete market.

The Joint venture partners have implemented an integrated washing and concentrating process that produces a gold concentrate (for re-grinding and intensive leaching) and removes deleterious materials from the sand stream such as salts, heavy metals and slimes (Fig 3). The concentrating process, as well as recovering most of the remaining gold has the added benefit of significantly reducing the arsenic and salt concentration in the resulting 'clean' sand, thus improving its' marketability.

Figure 3: Gravity Separation Plant

In addition to capturing gold that was lost to this dam during processing the environmental benefits of reprocessing the sand are:

- reduction in arsenic content;

- improved re-use potential, and
- Simpler rehabilitation processes.

The project will provide an environmental benefit by reducing arsenic content and improving sand reuse potential.

Bendigo Exploration (MIN5344)

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 4).

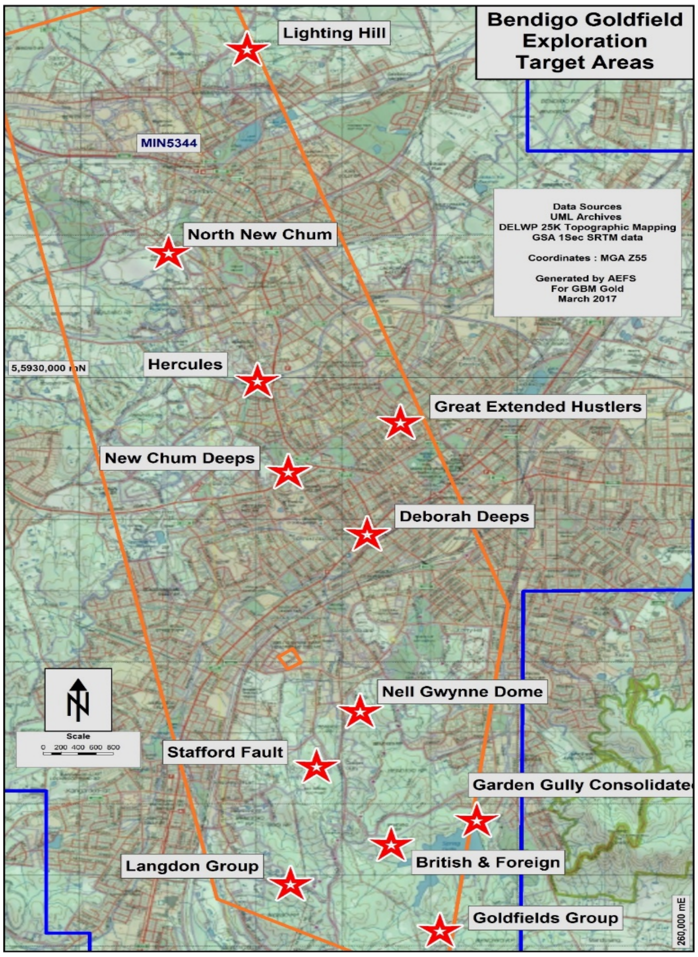

Figure 4: Bendigo Goldfield Exploration Targets

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.

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 5) 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. 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.

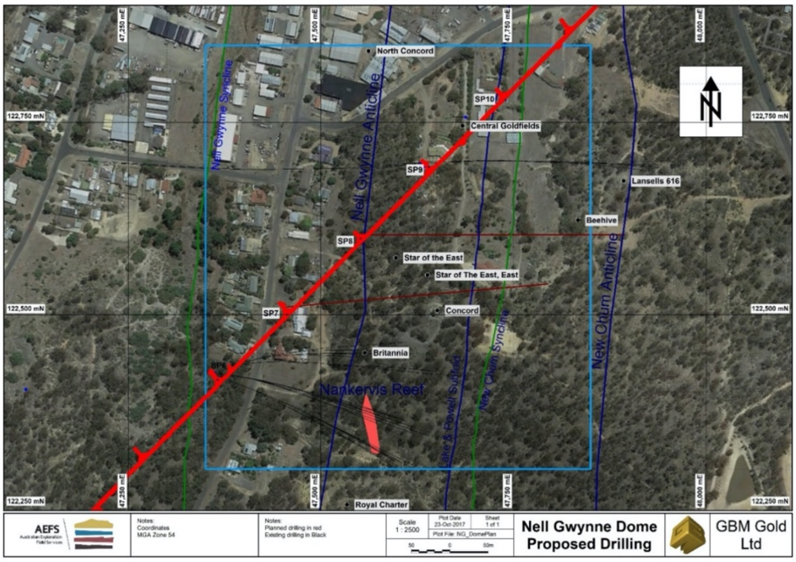

Figure 5 Nell Gwynne Reef Exploration Area

Bendigo Mineralisation Inventory

GBM has undertaken an assessment of the exploration potential of the Bendigo goldfield and of other sources of mineralisation such as tailings dams and dumps in order to build an inventory of the mineralisation on its Mining Licences MIN 5344 and the enclosed MIN 4878.

The mineral inventory has been defined in compliance with definitions of exploration target and mineral resource as set out in the JORC 2012 code by Keith Whitehouse of Australian Exploration Field Services. Mr Whitehouse is a Member of the AusIMM and a Chartered Professional in Geology. He has considerable experience in the estimation of mineral resources and has worked extensively on the Bendigo project.

The Mineral Inventory is summarised in the tables below. The Exploration Targets are sub divided into two categories, those that are conceptual in nature and those that are defined by physical results such as drilling and or historic mining. The JORC 2012 complaint report which provides a detailed discussion of the mineral inventory is available on the GBM Gold website, ~~www.gbmgold.com.au~~www.gbmbendigo.com.au

Table 1 Bendigo Conceptual Exploration Targets

Conceptual Exploration Targets			
Location	**Tonnage Range (Mt)**	**Grade (g/t)**	**Contained Gold (ounces)**
Goldfield	8 – 13	8 – 14	2,000,000– 5,800,000

Core*			
Western Reefs	0.7 – 1.1	6 – 10	130,000 – 350,000
Total**	**8.5 – 14**	**6 – 14**	**2,100,000 – 6,250,000**

*Goldfield Core - New Chum, Sheepshead, Deborah, Garden Gully and Hustlers lines of reef.

Table 2 Bendigo Defined Exploration Targets

Defined Exploration Targets			
Location	**Tonnage Range (t)**	**Grade Range (g/t)**	**Contained Gold Range (ounces)**
Dean	5,000 – 10,000	4.6 – 8.0	700 – 2,700
Kingsley	50,000 – 100,000	4.0 – 5.0	6,500 – 16,000
Grainger	75,000 – 120,000	3.0 – 6.0	7,200 – 23,000
Total**	**130,000 – 230,000**	**3.0 – 8.0**	**12,000 – 60,000**

**It should be noted that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Table 3 Bendigo Mineral Resources July 2017

Bendigo Underground				
Location	**Tonnes (t)**	**Grade Au (g/t)**	**Ounces (oz)**	**JORC Category**
Big Blue	78,000	5.0	10,000	Inferred
Westcott	54,000	5.0	9,000	Inferred
McDermott	14,000	5.0	2,000	Inferred
Upper McDermott	20,000	5.0	3,200	Inferred
Dumble	7,000	8.5	1,900	Inferred
Dunlop	55,000	2.8	5,000	Inferred
Grenfell	54,000	9.0	15,500	Inferred
Gordon	17,000	2.5	1,400	Inferred
Total	**300,000**	**5.0**	**50,000**	**Inferred**
Bendigo Surface				
Coarse Sand Dam	190,000	0.38	3,900	Indicated
	110,000	0.35	1,200	Inferred
	430,000	*0.37*	*5100*	*Total*
St Mungo Fault	210,000	1.00	7000	Inferred
Bendigo Tails	1,500,000	0.80	50,000	Inferred
Total	**2,140,000**	**0.90**	**62,100**	**Indicated and Inferred**

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.

The Goldsborough – 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 (10^0) 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.

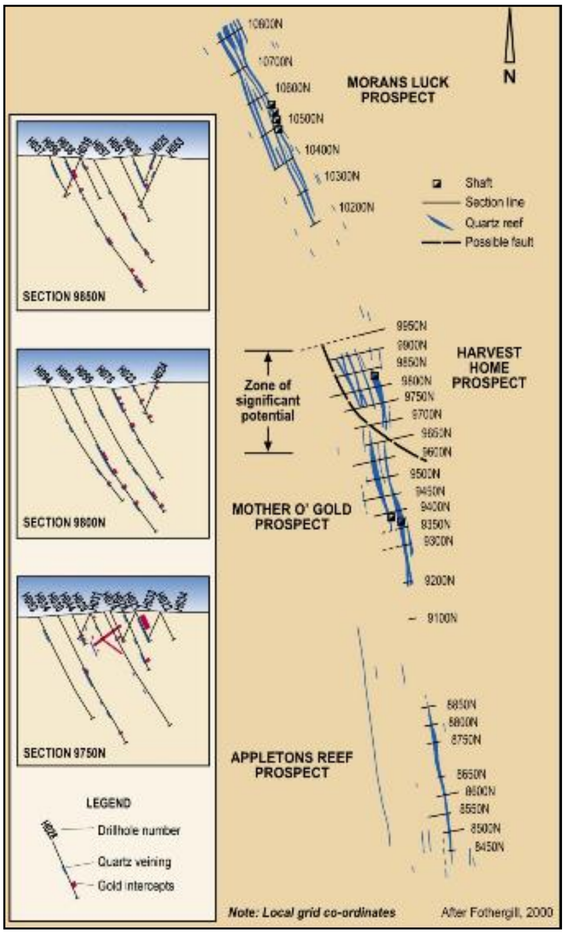

Figure 6: Harvest Home Prospects

The Work Plan Variation to mine Harvest Home was approved on 9 September 2019. 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 Goldsborough – Wehla Shear Zone. The main gold workings consist of north trending auriferous reefs; Adelaide, Prince of Wales, Frenchman's, Petticoat, Black, Bismarck and Little Nell 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 Goldsborough 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.

Summary

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

Frederick Eric J P Ng

14 July 2020

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 5 October 2018 and has not been audited. GBM shares have not traded since the 5 October 2018.

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	47	165,433
5.001 – 10.000	108	992,329
10,001 – 100,000	305	12,809,850
100,001 and over	199	1,104,346,614
Total Shareholders	680	1,118,319,556

Holders of Non-Marketable Securities

There are 421 shareholders holding less than a marketable parcel of ordinary shares based on the market price of 0.08c at 5 October 2018.

Names of 20 Largest Holders by Quoted Security

Holders of Quoted Ordinary Shares (as at 5 October 2018) *GBM shares have not traded since 5 October 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	142,165,144	12.71
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	Ganesha Capital Holdings Limited	40,000,000	3.58
8	MS VV Limited	33,333,333	2.98
9	HSBC Custody Nominees (Australia) Limited	30,846,960	2.76
10	Yan Zhang	25,000,000	2.24
11	Hoi Kwong Paul Chan	16,200,000	1.45
12	BNP Paribas Noms Pty Ltd	11,430,098	1.02
13	Peter & Helen August	10,000,000	0.89
14	Tom & Tania Vlahos	10,000,000	0.89
15	Erceg Enterprises Pty Ltd	8,250,000	0.74
16	Anita Hallberg	6,717,667	0.60
17	Andrew Mounas	6,500,000	0.58
18	Wing Yan Ip	6,138,787	0.55
19	Chan Nominees No. 1 Pty Ltd	6,000,000	0.54
20	Taraglow Pty Ltd	4,800,000	0.43
Total		988,881,966	88.43%

Options

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

Directors

The directors present their report together with the financial report of GBM Gold Ltd ('GBM' or 'the Company') and of the Group, being the Company, its subsidiaries and its interest in associates and jointly controlled entities for the financial year ended 30 June 2019 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.

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 (from 2013 – resigned on November 14, 2019)

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 Who Resigned During The Year

Mr John Harrison resigned as an Executive Director on the 23rd April 2019.

Mr Andrew Chan resigned as an Independent Non-Executive Director on the 28th November 2018.

Chief Executive Officer

Mr John Harrison held the position of Chief Executive Officer from May 2013 through 15 February 2020. Mr Harrison 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.

Company Secretary

Mr Andrew Chan held the position of Company Secretary from 9 July 2013 through 18 December 2019. Mr Chan holds a Bachelor of Arts and a Bachelor of Laws degree. Mr Chan's background is as a corporate and commercial lawyer with more than 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' Meetings

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

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

	Board Meetings		Audit Committee Meetings	
Director	Attended	Held	Attended	Held
Mr E JP Ng	5	7	2	2
Mr P H K Chan	7	7	-	-
Mr J Harrison	6	6	-	-
Mr A Lai	7	7	2	2
Ms L Lau	4	7	-	-
Mr A Chan	4	4	-	-
Ms J Wang	4	7	-	-

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 2019, approved by the Board. It also includes details on the company's governance arrangements and copies of relevant policies.

Remuneration Report

Principles of Compensation

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

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

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

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

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

Fixed Remuneration

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

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

Performance Linked Remuneration

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

Short-term Cash Bonus

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

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

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

Consequences on Performance on Shareholders Wealth

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

Other Benefits

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

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

Service Contract

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

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

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

Non-executive Directors

Total remuneration for all non-executive directors, is not to exceed in aggregate $200,000 per annum.

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.

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)	2019	182,648	-	17,352	-	-	-	-
	2018	182,648	-	17,352	-	-	-	-
Mr P HK Chan (Non-Executive Director)	2019	-	-	-	-	-	-	-
	2018	-	-	-	-	-	-	-
Mr A Lai (Non-Executive Director)	2019	-	-	-	-	-	-	-
	2018	-	-	-	-	-	-	-
Mr E JP Ng (Non-Executive Chairman)	2019	-	-	-	-	-	-	-
	2018	-	-	-	-	-	-	-
Ms L Lau (Non-Executive Director)	2019	-	-	-	-	-	-	-
	2018	-	-	-	-	-	-	-
Mr A Chan (Non-Executive Director & Company Secretary)*2	2019	48,000	-	-	-	-	-	-
	2018	48,000	-	-	-	-	-	-
Ms J Wang (Non-Executive Director)	2019	-	-	-	-	-	-	-
	2018	-	-	-	-	-	-	-

*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 2019 or 2018 financial years.

KMP Shareholdings

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

30 June 2019	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 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 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	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.

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above and note 21.

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.

	2015	2016	2017	2018	2019
Net profit/(loss)	($1.9m)	($1.1m)	($1.3m)	($1.0m)	($1.9m)
Share price at year end	$0.005	$0.011	$0.009	$0.007	n/a*1
Dividends paid	0.0c	0.0c	0.0c	0.0c	0.0c

**1* Shares in GBM Gold Limited were suspended on 9th October 2018 and were suspended at year end.

END OF AUDITED REMUNERATION REPORT

Principal Activities

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

A fully underwritten one for one renounceable rights issue to raise $6.7 million (before costs) at an issue price of $0.006 was announced on the 16th May 2019. The underwriter Nex Kiwi informed GBM that it had decided to terminate its underwriting agreement and a new agreement was entered into with Metropolis Enterprises Group Limited (MEG) on the 30th July 2019. As announced to the ASX on 15 November 2019, the $6.7 million rights issue fund raising was not completed and the company ASX stocks remain in voluntary trading suspension..

Processing for the mining of gold and sulphides from the Kangaroo Flat coarse sand dam had commenced and was increasing to full production when the operations had to cease, due to the Victorian Government's Earth Resources Department refusal to renew the Bendigo Mining Licences MIN5344, MIN5364 and MIN4878 on the 16th August 2019. The Company has instituted legal action seeking to reverse the decision. The case is scheduled to be heard in September 2020.

GBM announced on the 22nd May 2019 that a 60MW Solar Power Plant is planned to be developed on the Woodvale evaporation ponds. The project will produce emissions-free renewable energy to supply thousands of Bendigo homes. Effectively the project will re-purpose the redundant evaporation ponds into a state of the art solar power plant. The plans for a 60MW Solar Project to be developed on GBM Gold's freehold land at Woodvale, 10km north of Bendigo, are not affected by Earth Resources decision not to renew Mining Licence MIN5364.

Completed the approvals process with Earth Resources and the local Shire Council for the development of an open pit mine at the Harvest Home project, which will commence when there is sufficient working capital from funding sources that the Company is in discussion with now that the original funding from the $6.7 million rights issue is no longer available.

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 finalising 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 commissioned and production of gold and sulphides was being increased to full capacity on the Kangaroo Flat sand processing project. Unfortunately the processing of sand had to cease due to the non-renewal of Mining Licences MIN5344 by the Victorian Government's Earth Resources Department on the 16th August 2019.

Strategies and Prospects for Future Financial Years

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

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. This project was due to commence as soon as the $6.7 million rights issue is completed. The term for GBM to earn its 50% interest in the joint venture has been extended to 31 August 2020 as the Company seeks working capital from other sources.

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 Company's 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 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 has reserved its rights in relation to the asset sale agreement.

The Company had plans to excavate the coarse sand dam at the Kangaroo Flat Mine Site, wash the sand and recover the gold. It had planned to sell the sand product into the local market. It was 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. Due to the non-renewal of the Mining Licence MIN5344, this project is now in extreme doubt. The Company has instituted legal action seeking to reverse the decision to not renew the Mining Licence MIN5344.

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 and since the period of the report year, other than those referred to elsewhere in this report, are detailed below.

Loan funds have been received from the following various parties:

11th January 2019 Silver Bright International Limited increased the $550,000 short term unsecured loan to GBM by $200,000 on the 11th January 2019. The loan attracts an interest rate of 6%. The $750,000 loan will be repaid with proceeds from a Convertible Note of $7M or a direct investment of $10M now under discussion.

14th March 2019 Maradox Pty Ltd provided a loan to GBM of $1,000,000 for 1 year which is repayable via 18kg of investment grade gold bullion. Interest is payable via quarterly instalments of a 1kg investment grade gold bullion.

28th June 2019 Truelight Investments Ltd provided a short term loan to GBM for $100,000. This loan was repaid in August 2019.

18th July 2019 Giant Master Limited provided a loan of $700,000 to GBM. The loan will be repaid with proceeds from a Convertible Note of $7M or a direct investment of $10M now under discussion.

30th August 2019 Ka Wing Chiu provided a loan of $450,000 to GBM. The loan will be repaid with proceeds from a Convertible Note of $7M or a direct investment of $10M now under discussion.

The 3rd deferred bond instalment of $1,878,000 was due in May 2018 and the 4th deferred bond instalment of $1,870,000 was due in May 2019. At the date of this financial report $2,513,000 of these bond instalments are still owed to Unity Mining to repay cash provided by Unity Mining to meet the rehabilitation obligations at the Bendigo Goldfield. The following repayments were made during and since the end of the financial year to Unity Mining for the 3rd and 4th deferred bond instalments:

15th March 2019	$200,000
28th June 2019	$100,000
11th July 2019	$500,000
18th July 2019	$200,000

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 and exercised its rights under the asset sale agreement. The Company is still in the process of disposing off the gold processing plant. Unity Mining is also securing buyers for the plant the proceeds of which would go towards repayment of their outstanding deferred bond instalments.

Controlled Entities List

	CAN	Percentage Owned 30 June 2019	Percentage Owned 30 June 2018
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

The following loan funds were received after balance date:

- 18th July 2019 Giant Master Limited $700,000
- 30th August 2019 Ka Wing Chiu $450,000

$450,000 of the Giant Master Limited loan will be repaid with proceeds from a Convertible Note of $7M or a direct investment of $10M now under discussion.

The $450,000 Ka Wing Chiu loan funds will be repaid with proceeds from a Convertible Note of $7M or a direct investment of $10M now under discussion.

GBM repaid $700,000 to Unity Mining on the 18th July 2019 after receiving the aforementioned loan funds to reduce the outstanding principle amount owing to $2,513,000.

In August 2019 Earth Resources Regulation gave notice that they have refused to renew Mining Licences MIN5344, MIN5364 and MIN4878. This action by Earth Resources Regulation occurred whilst the Company was completing the $6.7 million rights issue. The Company has instituted legal action seeking to reverse the decision. Earth Resources Regulation has advise the Company that the rehabilitation requirements associated with the MINs are to be completed expeditiously.

The ASX in late September raised certain queries regarding variation to the joint venture agreement between GBM and Truelight Mining Pty Limited, the co-joint venturers to the Harvest Home joint venture. The Company responded to the queries on the 2nd October, As a result of GBM's responses, the ASX has determined that the variations to the Harvest Home joint venture appear, as shareholder approval was not obtained, to be in breach of Listing Rule 10.1. ASX has required GBM to take corrective action in accordance with Listing Rule 10.9.

GBM has elected to comply with Listing Rule 10.9 and cancel the variations to the Harvest Home joint venture agreement. GBM and Truelight have entered into a deed of cancellation, the material terms of which are:

1) The variations to the Harvest Home JV are dissolved ab initio and the parties restored to their original positions immediately prior to the 2014 variation; and
2) The parties have appointed an independent accountant to determine the net amount, if any, owed by one party to the other for payments made by a party under the joint venture in excess of their 50% interest.

RSM have completed the determination and $92,517 will be owed by GBM Gold Limited to Truelight Mining Pty Ltd to ensure that the 50% interest in the Harvest Home joint venture is achieved.

The Company announced to the ASX on 15th November 2019, that the $6.7 million rights issue could not be completed as the underwriters had missed the date by which their fund had to be received into the Company's bank account. As a result GBM shares will remain suspended from trading.

Subsequently the underwriters of the rights issue V-Infinity entered into a Convertible Loan Agreement with the Company to invest $7m into the Company subject to the relevant regulatory and shareholders' approval. The Company is also in discussion regarding a $10m direct investment into the equity of the Company from a foreign investor. This investment is also subject to regulatory and shareholders' approval.

As the Company mining tenements were on care and maintenance for the past year while awaiting approvals to commence mining operations, the Company has not been impacted by the Covid-19 pandemic to date.. Since the Company had no revenue throughout the financial year, it was not eligible for any benefit under the Jobkeepers Act for its two staff.

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

Indemnification of Insurance of Officers and Auditors

Indemnification

The Company has agreed to indemnify the following current directors of the Company, Messrs, P HK Chan, A Lai, E JP Ng, Ms L Lau, and Ms J Wang the current and past directors of its controlled entities and each

officer or past officer of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors or officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses to a limit of $5,000,000 for any one claim or in aggregate for all directors of the Company.

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

Insurance Premiums

For the 30 June 2019 financial year the Company has paid insurance premiums of $36,261 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 29 forms part of the Directors' Report for the financial year ended 30 June 2019.

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

Frederick Eric J P Ng	Andy K S Lai
Chairman	Director
14 July 2020	14 July 2020

ShineWing AUSTRALIA
Advisors & Accountants

Take the lead

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 2019 there have been:

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

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

ShineWing Australia

ShineWing Australia
Chartered Accountants

M. Schofield

Matthew Schofield
Partner

Melbourne, 14 July 2020

Brisbane
Level 14
12 Creek Street
Brisbane QLD 4000
T + 61 7 3085 0888

Melbourne
Level 10
530 Collins Street
Melbourne VIC 3000
T + 61 3 8635 1800
F + 61 3 8102 3400

Sydney
Level 8
167 Macquarie Street
Sydney NSW 2000
T + 61 2 8059 6800
F + 61 2 8059 6899

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Note	2019	2018
		$	$
Other income	5	493,762	695,742
Bendigo project care & maintenance expenses		(658,000)	(939,000)
Depreciation and impairment expenses	6	(432,312)	(8,693)
Interest		(350,710)	(19,439)
Loss on onerous contract		(115,341)	-
Administrative expenses	6	(822,312)	(752,009)
Results from continuing activities		**(1,884,913)**	**(1,023,399)**
Income Tax Expense	4	-	-
Loss for the year from continuing operations		**(1,884,913)**	**(1,023,399)**
Profit /(loss) from discontinued operations		-	-
Other comprehensive income		-	-
Total Comprehensive Loss for the year		**(1,884,913)**	**(1,023,399)**
Earnings per share:			
From continuing and discontinued operations:			
Basic earnings per share (cents per share)		(0.002)	(0.001)
Diluted earnings per share (cents per share)		(0.002)	(0.001)
From continuing operations:			
Basic earnings per share (cents per share)		(0.002)	(0.001)
Diluted earnings per share (cents per share)		(0.002)	(0.001)
From discontinued operations:			
Basic earnings per share (cents per share)		-	-
Diluted earnings per share (cents per share)		-	-

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

Consolidated Statement of Financial Position

For the year ended 30 June 2019		Consolidated	
	Note	2019	2018
		$	$
Assets			
Current assets			
Cash and cash equivalents	9	19,553	76,285
Receivables	10	265,248	267,424
Assets classified as held for sale	11	3,772,911	3,950,455
Total current assets		**4,057,712**	**4,294,164**
Non-current assets			
Other financial assets	12	5,963,000	5,963,000
Property, plant and equipment & mine development	13	74,145	288,914
Exploration and evaluation	14	629,306	629,306
Total non-current assets		**6,666,451**	**6,881,220**
Total assets		**10,724,163**	**11,175,384**
Liabilities			
Current liabilities			
Trade and other payables	16	803,858	574,747
Financial liabilities	17	5,072,891	4,023,000
Provisions	18	237,794	83,104
Liabilities directly associated with assets classified as held for sale	11	-	-
Total current liabilities		**6,114,543**	**4,680,851**
Non-current liabilities			
Provisions	18	5,963,000	5,963,000
Total non-current liabilities		**5,963,000**	**5,963,000**
Total liabilities		**12,077,543**	**10,643,851**
Net assets		**(1,353,380)**	**531,533**
Equity			
Share capital	19	27,951,122	27,951,122
Accumulated losses		(29,304,502)	(27,419,589)
Total equity		**(1,353,380)**	**531,533**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

Consolidated	Share capital	Accumulated losses	Total
	$	$	$
Balance 1 July 2017	27,951,111	(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
Comprehensive Income for the Year			
Loss for the year	-	(1,884,913)	(1,884,913)
Total Comprehensive Income for the Year	**-**	**(1,884,913)**	**(1,884,913)**
Transactions with Owners in their Capacity as Owners:			
Shares issued	-	-	-
Transaction Costs	-	-	-
Balance at 30 June 2019	27,951,122	(29,304,502)	(1,353,380)

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Note	Consolidated 2019	2018
		$	$
Cash flows from operating activities			
Cash receipts from customers		344,492	228,011
Cash paid to suppliers and employees		(1,562,561)	(1,647,664)
Interest received		149,155	209,126
Interest paid		-	(30,378)
Net cash outflow from operating activities	26	**(1,068,914)**	**(1,240,905)**
Cash flows from investing activities			
Acquisition of exploration and evaluation assets		-	(8,260)
Acquisition of property, plant & equipment		-	-
Proceeds from the sale of shares in subsidiary		-	-
Proceeds from sale of property, plant & equipment		2,291	2,060,849
Sale of subsidiary net assets		-	-
Net cash inflow from investing activities		**2,291**	**2,052,589**
Cash flows from financing activities			
Net proceeds from the issue of share capital		-	-
Repayment of loans		(300,000)	(785,000)
Proceeds from borrowings		1,309,891	-
Net cash inflow/(outflow) from financing activities		**1,009,891**	**(785,000)**
Net increase in cash and cash equivalents		(56,732)	26,684
Cash and cash equivalents at 1 July		76,285	49,601
Cash and cash equivalents at 30 June	9	**19,553**	**76,285**

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

1. Reporting Entity

GBM Gold Ltd (the 'Company') is a company limited by shares. The consolidated financial statements of the Company as at and for the year ended 30 June 2019 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 13 July 2020.

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.

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 $1,884,913 and an operating cash outflow of $1,068,914 for the financial year ended 30 June 2019. At 30 June 2019 the Group had a net current asset deficiency of $2,056,831 (2018: $386,687.)

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

1) GBM is in the process of finalising a $7,000,000 to $10,000,000 capital raising through a Convertible Note ($7M) or a direct investment ($10M) by a foreign investor. Either investment would be subject to regulatory and shareholder approval and the process is ongoing. The Directors note that the proceeds from these funding initiatives will be used as follows:
   - i) GBM will be paying $2,513,000 plus interest to Unity Mining as soon as is practical to settle the outstanding components of the 3rd and 4th bond instalments. After this payment is made GBM will have settled all loan obligations with Unity Mining and all securities over the Bendigo Assets will be released by Unity Mining;
   - ii) repayment of $750,000 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;
   - iii) repayment of a loan of $700,000 received by GBM from Giant Master Limited on the 18th July 2019;
   - iv) repayment of a $450,000 loan received by GBM from Ka Wing Chiu on the 30th August 2019;

  v) the remaining proceeds will be used to fund ongoing working capital requirements and progressing the development of the gold processing projects.

2) 22kg of gold bullion is owing to Maradox Pty Ltd in March 2020. Future cash inflows from gold revenue sales from open pit operations are expected to repay this loan .
3) The majority of the Kangaroo Flat Mine 600,000 tonne per annum gold ore processing plant is currently classified as held for sale with a current valuation of $3,772,911. The processing plant is surplus to the GBM's requirements as the size of the plant is not in line with the expected extraction rate of mining in the future. GBM is currently working with Unity Mining to dispose of the surplus Kangaroo Flat Mine 600,000 tonne per annum gold ore processing plant. 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 and capital raisings as outlined above, will ensure the Group's ability to continue as a going concern and repay Unity. The Directors note however that Unity Mining has issued a statutory demand requesting repayment of the loans to Unity. Should Unity wish to pursue the recovery of the loans in a shorter period of time then there is likelihood that the company will not be able to continue as a going concern.
4) Future cash inflows are expected from the gold revenue sales from open pit operations and also inflows from a number of rental and operating leases for various facilities and infrastructure at the Group's Bendigo site . The Directors have sought to reduce the expenses of GBM to conserve cash reserves.

Based on the above factors, the Directors are confident of the Group's ability to continue as a going concern. Notwithstanding this, should the group be unable to raise the capital from sources identified in point 1) above or any other sources then there is a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern. If the group is unable to continue as a going concern, it may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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 21(c).

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. In Note 28, 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

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.

(C) Property, Plant and Equipment

(i) Properties

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

(ii) Plant and Equipment

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

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

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

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

(iii) Depreciation

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

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

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

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

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

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

(D) Intangible Assets

(i) Exploration and Evaluation Asset

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

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

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

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

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

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

(E) Mine Development

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

(F) Leased Assets

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

(G) Impairment

(i) Financial Assets

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

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

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

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

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

(ii) Non-Financial Assets

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

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

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

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

(H) Employee Benefits

(i) Defined Contribution Superannuation Funds

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

(ii) Defined Benefit Superannuation Funds

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

(iii) Other long-term Employee Benefits

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

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

(iv) Termination Benefits

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

(v) Short-Term Benefits

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

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

(I) Provisions

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

(J) Revenue

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

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

(K) Finance Income and Expenses

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

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

(L) Income Tax

(i) Current Tax

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

(ii) Deferred Tax

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

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

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

(M) Goods and Services Tax

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

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

(N) Cash and Cash Equivalents

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

(O) Trade and Other Receivables

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

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

(P) Trade and Other Payables

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

(Q) 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 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.

4. Income Tax

	Consolidated	
	2019	2018
	$	$
Income tax recognised in Loss		
Loss from ordinary activities	(1,884,913)	(1,023,399)
Income tax benefit calculated at 30% of loss from ordinary activities	(565,474)	(307,020)
Add tax effect of permanent and timing differences:		
Non-deductible items	-	-
Movements in provisions	(11,803)	(9,811)
Income tax benefit attributable to operating loss	(577,277)	(316,831)
Income tax benefit not recognised	577,27	316,831
Income tax expense	-	-

The amount of carried forward revenue tax losses for the group at 30 June 2019 $14,815,069 (2018: $13,017,655) have not been recognised due to the uncertainty of timing in relation to when taxable profits will be derived.

5. Revenue

	Consolidated	
	2019	2018
	$	$
Non-operating activities		
- Pumping and lease fees	338,485	368,424
- Profit on sale of assets	2,291	116,304
- Interest received	149,155	207,534
- Other Income	3,831	3,480
Total Revenue from non-operating activities	493,762	695,742
Total Operating and Non-operating revenue	493,762	695,742

6. Depreciation & Administrative Expenses

	Consolidated 2019	2018
	$	$
Depreciation - Amortisation	4,480	8,693
Impairment expense *1	427,833	-
Total Depreciation and Impairment Expenses	432,313	8,693
Employee benefit expenses		
Salaries and Wages	223,344	252,000
On-costs	24,568	22,180
	247,912	274,180
Other administrative expenses		
Accounting & Income Tax lodgement fee	35,500	37,350
Audit fees	50,000	50,000
Other administrative expenses	488,900	390,479
	574,400	477,829
Total Administrative Expenses	822,312	752,009

*1 Being $177,544 impairment on the 600k tpa process plant due to the variance between the current valuation and carrying value, plus $210,289 of Kangaroo Flat Sand Dam project capitalised costs from the 2016 financial year written down to nil value due to the non-renewal of the Mining Licence MIN5344.

7. Auditors' Remuneration

	Consolidated 2019	2018
	$	$
Remuneration of ShineWing Australia for: Auditing or reviewing the financial report	50,000	50,000
	50,000	50,000

8. Earnings Per Share

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

Consolidated

	2019	2018
Basic and diluted earnings per share:	$	$
From continuing operations	(0.002)	(0.001)
From disposal group classified as held for sale	-	-
Total basic and diluted earnings per share	(0.002)	(0.001)
Earning used in calculating basic and diluted earnings per share:		
Loss from continuing operations	(1,84,913)	(1023,399)
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	1,118,319,556

9. Cash and Cash Equivalents

	Consolidated 2019	2018
	$	$
Cash at bank	19,553	76,285
	19,533	76,285

10. Receivables

	Consolidated 2019	2018
	$	$
Trade receivables	-	-
Other Receivables	265,248	267,424
	265,248	267,424

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

	Gross Amount $000	Past Due and Impaired $000	Past Due but Not Impaired (Days Overdue) < 30 $000	31–60 $000	61–90 $000	> 90 $000	Within Initial Trade Terms $000
2019							
Trade and term receivables	-	-	-	-	-	-	-
Other receivables	265,248	-	58,064	7,436	5,150	194,598	58,064
Total	265,248	-	58,064	7,436	5,150	194,598	58,064
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

11. Assets Classified As Held For Sale

	2019	2018
Assets classified as held for sale	$	$
Plant, property & equipment *1	3,772,911	3,950,455
	3,772,911	**3,950,455**
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 has reserved its rights in relation to the asset sale agreement. 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. GR

Engineering Services have prepared a current valuation on the 600,000 tonne per annum gold processing plant, on the basis of the plant being sold as a complete processing plant (excluding the floatation circuit and goldroom equipment) for relocation. The current valuation of $3,772,911 was less than the carrying value of $3,950,455 and an impairment of $177,544 was made during the financial year reporting period ending 30 June 2019.

12. Other Financial Assets

	Consolidated	
	2019	2018
	$	$
Non-Current Bonds	5,963,000	5,963,000
	5,963,000	5,963,000

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 (2018: $5,963,000) as security for these bank guarantees. $5,948,000 (2018: $5,948,000) represents the rehabilitation provisions associated with the Bendigo Goldfield.

13. Property, Plant and Equipment & Mine Development

	Consolidated	
	2018	2018
	$	$
Plant and Equipment		
At cost	90,109	90,109
Accumulated Depreciation	(90,109)	(85,629)
	-	4,480
Mine Development		
At cost	727,904	727,904
Accumulated Impairment	(433,139)	(222,850)
Accumulated Depreciation	(294,765)	(294,765)
	-	210,289
Land		
At cost	74,145	74,145
	74,145	74,145
	74,145	288,914

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

Consolidated 2019	Plant & Equipment	Mine Development	Land	Total
	$	$	$	$
Balance 1 July 2018	4,480	210,289	74,145	288,914
Additions	-	-	-	-
Classified as assets held for sale	-	-	-	-
Impairment*1	-	(210,289)	-	(210,289)
Disposals	-	-	-	-
Depreciation Expense	(4,480)	-	-	(4,480)
Balance at 30 June 2019	-	-	74,145	74,145

***1** Kangaroo Flat sand dam impaired due to non-renewal of Min5644.

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

14. Exploration & Evaluation

	Consolidated	
Area of interest	**2019**	**2018**
	$	$
GBGM Operations	60,000	60,000
Wilson Hill (Harvest Home joint venture)*1	569,306	569,306
	629,306	629,306

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

(i). Reconciliation of Movement in Exploration & Evaluation

	2019	2018
	$	$
Balance 1 July	629,306	621,046
Additions	-	8,260
Impairment of joint operation interest and exploration expenditure	-	-
Transfer from/(to) assets classified as held for sale	-	-
Balance at 30 June	629,306	629,306

15. 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:

	2019	2018
Non-current assets		
Exploration development expenditure	569,306	569,306
TOTAL NON-CURRENT ASSETS	**569,306**	**569,306**
TOTAL ASSETS	**569,306**	**569,306**
Net interest in Harvest Home Joint Operation	**569,306**	**569,306**

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.

16. Trade and Other Payables

	2019	2018
	$	$
Accrued Expenses	538,318	261,907
Trade Creditors	265,540	312,840
	803,858	574,747

17. Financial Liabilities

	Consolidated	
	2019	2018
	$	$
Current		
Director & Related Parties Loans*1	859,891	550,000
Other*2 & *3	4,213,000	3,473,000
	5,072,891	4,023,000

*1 Relates to a $750,000 unsecured short term loan @ 6% interest, provided by Silver Bright International Development Limited, whom is a substantial shareholder of GBM. The loan will be repaid with proceeds from a Convertible Note of $7M or a direct investment of $10M now under discussion. Relates to a $100,000 loan from Truelight Investments Ltd which was repaid in August 2019. Mr A Chan and Mr P Chan are directors of Truelight Investments Ltd. Mr Eric Ng provided a short term loan of $9,891 during the financial year. The loan will be repaid with proceeds from a Convertible Note of $7M or a direct investment of $10M now under discussion.

*2 $3,213,000 is due to be payable to Unity Mining for part of the third and fourth deferred bond instalments, to repay cash provided by Unity Mining to meet the rehabilitation obligations at the Bendigo Goldfield. GBM Gold paid $300,000 during the 2019 financial year to Unity Mining due reduce the outstanding loan. Further loan repayments of $700,000 were made in July 2019. The third and fourth deferred bond instalment attracts a 10% interest rate for the number of days that the payment is overdue. The outstanding $2,513,000 as at the date of this report, will be repaid from part of the proceeds of capital raising or the sale of the gold processing plant.

*3 In March 2019 GBM entered into an agreement with Maradox Pty Ltd ('Maradox') to supply 18kg of gold bullion to Maradox on 14th March 2020 in exchange for $1,000,000. The $1,000,000 loan from Maradox was treated as a financial liability at year end. The gold loan is deemed to be an onerous contract and a provision was recognised for $115,348 at year end as per note 18. Interest is payable via quarterly instalments of a 1kg investment grade gold bullion and is included in trade and other payables.

18. Provisions

	Consolidated	
	2019	2018
	$	$
Current		
Provision for onerous contract*1	115,348	-
Employee benefits	122,446	83,104
Total Provisions	237,794	83,104

*1 The $1,000,000 Maradox gold loan is deemed to be an onerous contract and at year end a provision has been recognised for $115,348.

(i) Reconciliation of Movement in Provisions

Current	Total
	$
Balance 1 July 2018	83,104
Amounts used/paid	(4,900)
Additional amounts provided	44,242
Balance at 30 June 2019	122,446

	Consolidated	
	2019	2018
	$	$
Non - Current		
Rehabilitation Provision *2	5,963,000	5,963,000
Total Provisions	5,963,000	5,963,000

*2 $5,948,000 (2018: $5,948,000) represents the rehabilitation provisions associated with the Bendigo Goldfield and the remaining $15,000 (2018: $15,000) 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 (2018: $5,963,000) as security for these bank guarantees. (Refer to Note 12)

19. Issued Capital

	Consolidated	
	2019	2018
	$	$
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 2018 reporting period) ordinary shares of no par value.

	Consolidated	
	2019	2018
	No.	No.
Ordinary Shares		
At the beginning of the reporting period	1,118,319,556	1,118,319,556
Shares issued during the year	-	-
At the end of the reporting period	1,118,319,556	1,118,319,556

20. 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
Mr J Harrison	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
Ms Jianping Wang	Director (non-executive)	Full year
Mr Andrew Chan	Company Secretary	Full year

The totals of remuneration paid to KMP of the company and the Group during this year are:	Consolidated 2019	2018
	$	$
Short-term employee benefits	230,648	230,648
Post-employment benefits	17,352	17,352
Other long-term benefits	-	-
Share Based payments	-	-
	248,000	248,000

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 2019.

21. 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 20: Interests of Key Management Personnel (KMP).

(c) Subsidiaries:	ACN	Country of Incorporation	Percentage Owned 30 June 2018	Percentage Owned 30 June 2017	Investment in Subsidiary 2019	Investment in Subsidiary 2018
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 2019 financial year Silver Bright International Development provided an additional $200,000 short term loan in January 2019. $750,000 plus interest is owing to Silver Bright International Development at 30 June 2019 and the amounts owing will be repaid with proceeds from a Convertible Note of $7M or a direct investment of $10M now under discussion. 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 15: Interest in Joint Operations for further details). Truelight Investments Ltd provided $100,000 in short term loan funds to GBM in June 2019. These loan funds were repaid in full in August 2019. Andrew Chan and Paul Chan are directors of Truelight Investments Ltd. Mr Eric Ng provided a short term loan in the amount of $9,891 in June 2019 and these funds will be repaid with proceeds from a Convertible Note of $7M or a direct investment of $10M now under discussion. During the financial year the following short term loans were provided by and repaid to directors Mr P Chan $20,000 Mr A Lai $30,000 and Mr E Ng $10,000.

22. Events Subsequent to the Reporting Date

The following loan funds were received after balance date:

- 18th July 2019 Giant Master Limited $700,000
- 30th August 2019 Ka Wing Chiu $450,000

$450,000 of the Giant Master Limited loan will be repaid with proceeds from a Convertible Note of $7M or a direct investment of $10M now under discussion.

The $450,000 Ka Wing Chiu loan funds will be repaid with proceeds from a Convertible Note of $7M or a direct investment of $10M now under discussion.

GBM repaid $700,000 to Unity Mining on the 18th July 2019 after receiving the aforementioned loan funds to reduce the outstanding principle amount owing to $2,513,000.

In August 2019 Earth Resources Regulation gave notice that they have refused to renew Mining Licences MIN5344, MIN5364 and MIN4878. This action by Earth Resources Regulation occurred whilst the Company was completing the $6.7 million rights issue. The Company has instituted legal action seeking to reverse the decision. Earth Resources Regulation has advise the Company that the rehabilitation requirements associated with the MINs are to be completed expeditiously.

The ASX in late September raised certain queries regarding variation to the joint venture agreement between GBM and Truelight Mining Pty Limited, the co-joint venturers to the Harvest Home joint venture. The Company responded to the queries on the 2nd October, As a result of GBM's responses, the ASX has determined that the variations to the Harvest Home joint venture appear, as shareholder approval was not obtained, to be in breach of Listing Rule 10.1. ASX has required GBM to take corrective action in accordance with Listing Rule 10.9.

GBM has elected to comply with Listing Rule 10.9 and cancel the variations to the Harvest Home joint venture agreement. GBM and Truelight have entered into a deed of cancellation, the material terms of which are:

3) The variations to the Harvest Home JV are dissolved ab initio and the parties restored to their original positions immediately prior to the 2014 variation; and
4) The parties have appointed an independent accountant to determine the net amount, if any, owed by one party to the other for payments made by a party under the joint venture in excess of their 50% interest.

RSM have completed the determination and $92,517 will be owed by GBM Gold Limited to Truelight Mining Pty Ltd to ensure that the 50% interest in the Harvest Home joint venture is achieved.

The Company announced to the ASX on 15th November 2019, that the $6.7 million rights issue could not be completed and the Company ASX stocks remained suspended from trading.

GBM will be paying $2,513,000 plus interest to Unity Mining as soon as is practical to settle the outstanding components of the 3rd and 4th bond instalments either from the sale of its surplus gold processing plant or from the proceeds of a proposed $10 million investment into the Company by a third party or a $7 million Convertible Note facility. After this payment is made GBM will have settled all loan obligations with Unity Mining and all securities over the Bendigo Assets will be released by Unity Mining.

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

23. Contingent Liabilities and Commitments

Nil.

24. 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.

25. Financial Risk Management

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

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

		Consolidated	
	Note	2019	2018
Financial assets		$	$
Cash and cash equivalents	9	19,553	76,285
Receivables and prepayments	10	265,248	267,424
Total Financial assets		284,801	343,709
Financial Liabilities			
Trade and other payables	16	803,858	574,747
Borrowings	17	5,072,891	4,023,000
Total Financial Liabilities		5,876,749	4,597,747

(i). Financial Risk Management Policies

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

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

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

(ii). Credit Risk

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

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

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

(a) Credit Risk with Banks and Other Financial Institutions

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

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

	Consolidated	
	2019	2018
Cash and cash equivalents	$	$
A- rated	-	-
A rated	19,553	76,285
Total Financial Liabilities	19,553	76,285

(iii). Liquidity Risk Management

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

(a) Cash Flow Realised From Financial Assets

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

Financial liability and financial asset maturity analysis	Within 1 Year		1-5 Years		Over 5 Years		Total	
Consolidated Group $	2019	2018	2019	2018	2019	2018	2019	2018
Financial Liabilities due for payment								
Loans	5,223,339	4,023,000	-	-	-	-	5,223,339	4,023,000
Trade and other payables	768,758	574,747	-	-	-	-	768,758	574,747
Finance lease liability	-	-	-	-	-	-	-	-
Total contracted Outflow	5,992,097	4,597,747	-	-	-	-	5,992,097	4,597,747
Financial assets – cash flows realisable								
Cash and cash equivalents	19,553	76,285	-	-	-	-	19,553	76,285
Trade, term and loan receivables	265,248	267,424	-	-	-	-	265,248	267,424
Total anticipated inflows	284,801	343,709	-	-	-	-	284,801	343,709
Net (outflow)/inflow on financial instruments	(5,707,296)*1	(4,254,038)*1	-	-	-	-	(5,707,296)	(4,254,038)

***1** Proceed from a Convertible Note of $7M or a direct investment of $10Mnow under discussion 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 2019 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 2018 and 30 June 2019, and the expected impact of any fluctuations in the respective interest rate may have on the profit or loss, the Group has not entered into any interest rate swaps.

The interest rate profile of the Company's and Group's interest-bearing financial instruments at reporting date is provided in Note 17.

(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 2019.

Financial Instrument	Weighted average Effective interest rate		Consolidated Entity		Floating Interest Rate		Non-Interest Bearing		Fixed Interest Rate	
			2019	2018	2019	2018	2019	2018	2019	2018
	%	%	$	$	$	$	$	$	$	$
Financial Assets										
Cash and cash equivalents	-	-	19,553	76,285	19,553	76,285	-	-	-	-
Trade and other receivables	-	-	265,248	267,424	-	-	265,248	267,424	-	-
Other financial assets	-	-	-	-	-	-	-	-	-	-
			284,801	343,709	19,553	76,285	265,248	267,424	-	-
Financial Liabilities										
Trade and other payables	-	-	768,758	574,747	-	-	768,758	574,747	-	-
Other financial liabilities	9	9	5,223,339	4,023,000	1,150,448	-	109,891	1,595,000	3,963,000	2,428,000
			5,992,097	4,597,747	1,150,448	-	878,649	2,169,747	3,963,000	2,480,000

(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	Consolidated Equity
Year end 30 June 2019	$	$
+/-2% in interest rates	1,655	1,655
Year end 30 June 2018		
+/-2% in interest rates	7,477	7,477

26. Reconciliation of Cash

Reconciliation of cash	Consolidated 2019	2018
	$	$
Cash flows from operating activities		
Loss for period	(1,884,913)	(1,023,399)
Depreciation and impairment	432,312	8,693
Change in trade and other receivables	2,176	(142,302)
Change in other financial assets	-	50,500
Change in trade and other payables	194,011	14,610
Change in provisions	39,342	(32,703)
Change in gold loan fair value	150,449	-
(Profit)/loss on sale of assets	(2,291)	(116,304)
Net cash from operating activities	**(1,068,914)**	**(1,240,905)**

27. Dividends

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

28. 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 23. Summarised financial information in respect of the Parent Entity is set out below.

	2019	2018
a) Financial Position	$	$
Assets		
Current assets	3,165	3,465
Non-current assets	8,760,115	7,958,728
Total assets	**8,763,280**	**7,962,191**
Liabilities		
Current liabilities	2,071,482	668,661
Non-Current liabilities	-	-
Total Liabilities	**2,071,482**	**668,661**
Net Assets	**6,691,798**	**7,293,530**
Equity		
Contributed Equity	27,932,768	27,932,768
Accumulated Losses	(23,240,970)	(22,639,238)
Reserves	2,000,000	2,000,000
Total Equity	**6,691,798**	**7,293,530**
b) Financial Performance		
Profit/(Loss) of the year	(601,732)	(296,902)
Other comprehensive Income	-	-
Total comprehensive Loss	**(601,732)**	**(296,902)**

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 30 to 61, are in accordance with the *Corporations Act 2001* and:

a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 3 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 2019 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
Director
14 July 2020

Andy K S Lai
Director
14 July 2020

ShineWing AUSTRALIA
Advisors & Accountants

Take the lead

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 2019, 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:

1. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
2. 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 $1,884,913 and an operating cash outflow of $1,068,914 for the year ended 30 June 2019 and, as of that date, the Group's current liabilities exceeded its current assets by $2,056,831. 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.

Brisbane
Level 14
12 Creek Street
Brisbane QLD 4000
T + 61 7 3085 0888

Melbourne
Level 10
530 Collins Street
Melbourne VIC 3000
T + 61 3 8635 1800
F + 61 3 8102 3400

Sydney
Level 8
167 Macquarie Street
Sydney NSW 2000
T + 61 2 8059 6800
F + 61 2 8059 6899

Take the lead

Key Audit Matter	How the matter was addressed during the audit
Financial liabilities Note 17 The company has current financial liabilities comprising a $750,000 shareholder loan, a $1,000,000 gold loan due to Maradox and $3,213,0000 of deferred bond instalments due to Unity Mining. It was noted that the third deferred bond instalment of $1,878,000 and the final deferred bond instalment of $1,830,000 is overdue as they were due to be payable to Unity Mining in May 2018 and May 2019 respectively.	We have, among other things, performed the following procedures: • 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.
Non-current assets held for sale Note 12 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. The first tranche of the sale proceeds of $1,450,000 was received by GBM on the 27th July 2017. At 30 June 2019 the balance of non-current assets held-for-sale amounted to $3,772,911. 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.	We have, among other things, performed the following procedures: • 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; • 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. • Obtained a valuation report for the non-current assets held for sale, and review major assumptions used in the report to calculate the fair value; and • Compared the carrying value of the asset held for sale to its fair value less cost to sell, and ensure impairment loss has been correctly recognised.
Impairment of exploration and evaluation assets Note 14 The Group is pursuing exploration activities at its tenements and is capitalising costs associated with these activities. At 30 June 2019 capitalised exploration expenses totalled $629,306. As this is an area of significant judgement to the Group it has been a key focus of the audit.	We have, among other things, performed the following procedures: • Assessed whether the Group had a current right of ownership to its tenements, 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.
Rehabilitation obligations Note 18 At 30 June 2019 the Group has recognised rehabilitation provisions amounting to $5,963,000 for tenements it has interests in. This was a key focus of the audit as the calculation of these provisions requires significant judgement in estimating the future cost of rehabilitation activities.	We have, among other things, performed the following procedures: • Evaluated the Group's rehabilitation and restoration provisions including the process by which they were developed and checking the mathematical accuracy of the underlying calculations; • 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

2

Take the lead

- 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 2019, 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.

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.

Take the lead

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 19 to 22 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of GBM Gold Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

ShineWing Australia

ShineWing Australia
Chartered Accountants

M. Schofield

Matthew Schofield
Partner
Melbourne, 14 July 2020

4