



ASX: GBM

Quarterly Report for the period ended 30 September 2014

Summary

GBM Gold Ltd (ASX: GBM) (“GBM” or “Company”) entered into an agreement to sell its shares in Inglewood Gold Mining Company Pty Ltd (Inglewood) on 30 September 2014 for approximately \$2.4 million, subject to obtaining GBM shareholder approval.

The transaction commenced in September 2012 when Panama based Wilshire Asset Management SA (Wilshire) agreed to invest \$9 million into Inglewood. GBM and Wilshire executed a deed amending the original agreement in November 2013 under which Wilshire paid \$4.5 million for a 50% shareholding in Inglewood.

The deal also gave Wilshire an option to increase its interest in Inglewood to up to 80% through a further investment of \$1.5 million and the assumption of the Maradox Gold loan liability of approximately \$3 million. Wilshire indicated its intention to exercise this option, which would have left GBM with only a residual 20% shareholding in Inglewood.

The Board determined that a minority ownership of Inglewood was not in the best interests of GBM and have reached agreement to sell GBM's remaining shareholding to Wilshire for approximately \$2.4 million.

Wiltshire has agreed to pay the consideration in several tranches completing by 30 June 2015, with the payment obligation secured over Inglewood's assets.

The transaction is subject to the approval of GBM shareholders in accordance with ASX Listing Rule 11.2. The transaction will be considered by shareholders at the Annual General Meeting on 12 November 2014. If the shareholders vote in favour completion will occur in November 2014.

On completion of the sale GBM will have the flexibility and resources to pursue gold projects free from the debt burden that it has carried in recent years resulting from loss making operations. This is a new beginning for the Company and provides the platform to effectively develop gold assets to deliver long term sustainable growth for the Company and value for our shareholders.

In August 2012, Wilshire also agreed to purchase GBM subsidiary Industrial Sands & Gravels Pty Ltd for \$5.0 million. The parties have now agreed to terminate this agreement. The \$0.75 million deposit paid by Wilshire in connection with this transaction was credited to its investment in Inglewood.

With the sale of Inglewood activities have focussed on proceeding with regulatory approval to undertake exploration and mining activities at its tenements in Victoria.

Work planned for the December 2014 Quarter includes:

- Completing the sale of Inglewood Gold Mine
- Finalising approvals for excavation of a 7,500 tonne bulk sample from Harvest Home
- Planning exploration programs at Fiddlers Creek and Avoca

Safety & Environment

Inglewood Gold Operation - Victoria

No medically treated injuries (MTIs) or lost time injuries (LTIs) were recorded during the reporting period.

There were no reportable environmental incidents during the June quarter.

Background

From the inception of the company until 30 September 2014 the Company's operations have been centred at Inglewood an historic primary gold producing area in Central Victoria. With the sale of Inglewood GBM is focussing on its other mining and exploration projects.

GBM Gold has the following mining and exploration licences and work authorities:

Inglewood Tenements that are part of the sale:

Inglewood	-	MIN 4639
	-	MIN 5472
	-	EL's 4184 & 4670 (replaced with EL5529)
Wedderburn	-	EL 3800, MIN App 5425

Tenements remaining with GBM Gold are:

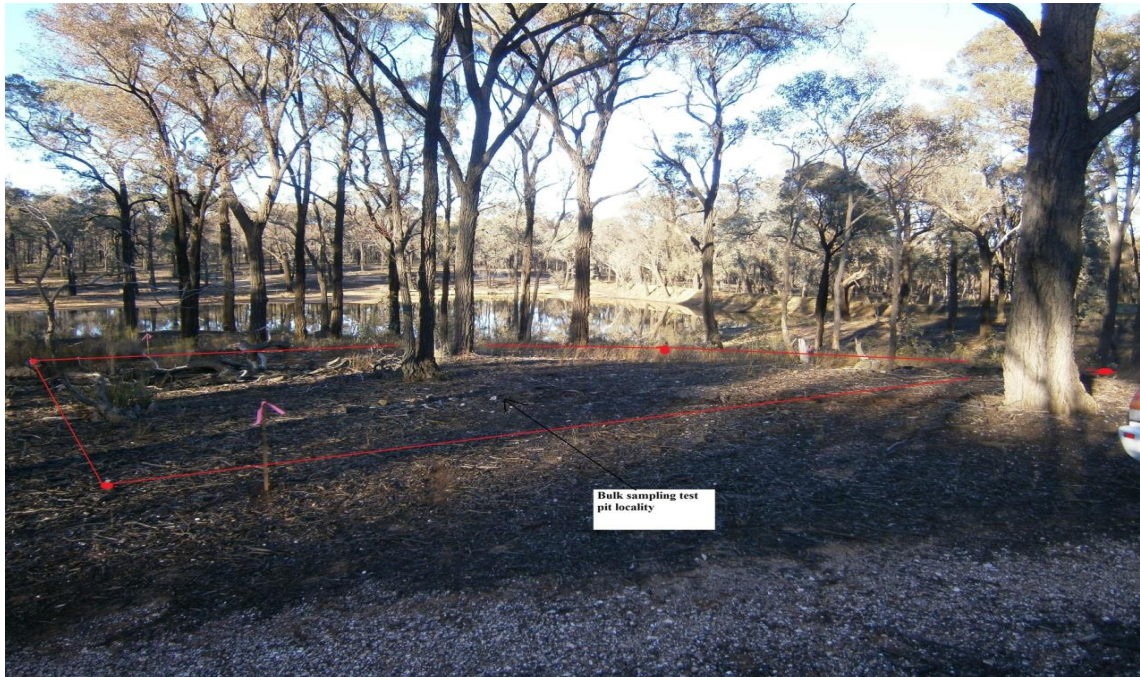
Marong, Wilson Hill	-	EL 4999 (replaced with EL5527)
Avoca	-	EL 4936
Avoca, Beavis-ISG	-	WA's 1395 & 1304
Fiddlers Creek	-	MIN 4548 & MIN 4023
Dunolly, Queen's Birthday	-	EL 5029 (replaced with EL5528)
Dunolly, Harvest Home	-	50% jv interest in MIN 5510



GBM Gold Tenements

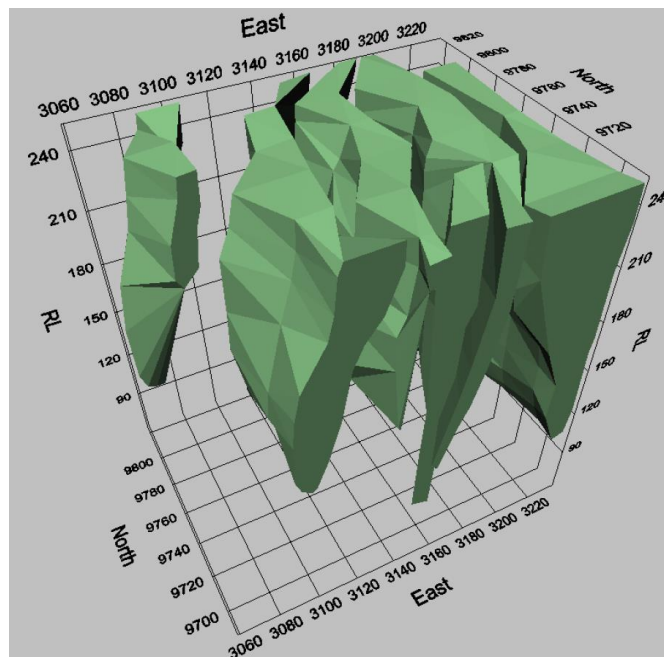
Harvest Home, Dunolly EL4985 & MIN5510 – 50% Joint Venture

Funding has been provided to mine a 7,500 tonne bulk sample to provide metallurgical information on processing of Harvest Home ore. Approvals are expected to be completed in the next quarter.



Harvest Home Bulk Sample Site

Harvest Home has an Inferred Resource of 1,040,000 tonnes at 2.4g/t for 80,000 ounces of gold. The deposit has a broad zone of gold mineralisation 3.5 km long and up to 0.4 km wide containing the Moran's, Harvest Home, Mother O'Gold and Appleton's Gold mines that between them have produced in excess of 60,000 ounces (1,860kg) of gold.

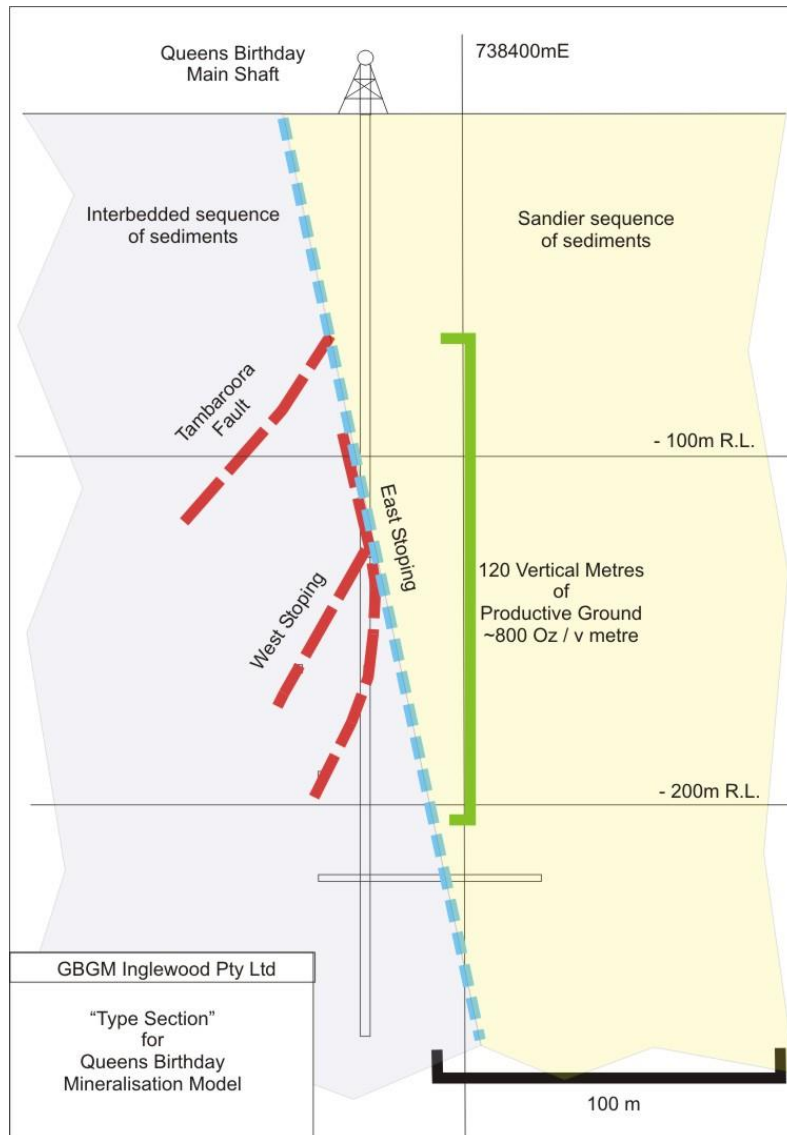


Harvest Home deposit 3D model

Queen's Birthday EL5029 (replaced with EL5528)

EL 5029 at Queen's Birthday has been replaced with EL5528. This has allowed an expansion of the area to encompass known targets.

Research has identified 3 solid drill targets. The mine produced approximately 100,000 ounces up until the early 1900's. The shaft is down to 250 metres below surface and a significant body of quartz along the main fault zone was still present in the drives and stopes.



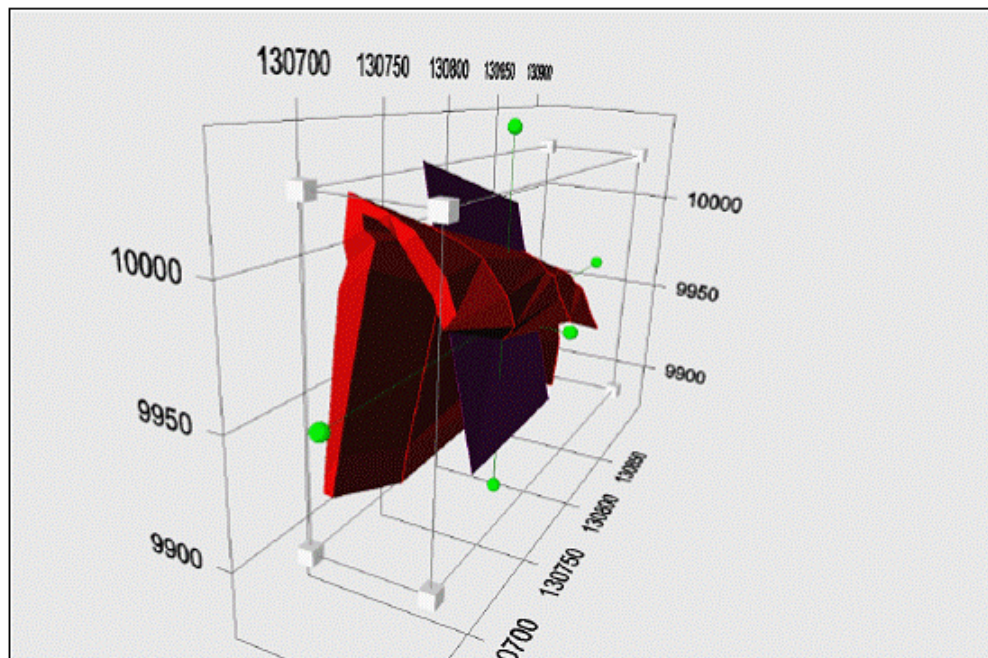
Queen's Birthday Mineralisation Model

An initial mineralisation model has been interpreted from a limited data base but the deposit reflects a similarity to the Wattle Gully lode style.

An initial shallow open pit target over the line of reef (~900 metres of Strike) exists as little claim activity occurred before company operations began. Extensions south from the existing mine development (50 to 250 metres below surface) as well as beneath the existing workings (+ 300 metres) are also targeted.

Wilsons Hill EL4499 (replaced with EL5527)

EL 4499 at Wilsons Hill has been replaced with EL5527. Total historic mine production of the Wilsons Hill Field has recovered in excess of 34,000 ounces of gold. Results from previous RC and Diamond Drilling confirmed the presence of both near surface oxide mineralisation and deep primary reef structures. Oxide RC drilling returned significant intercepts including 6m @ 2.63g/t Au, 5m @ 2.02 g/t Au and 14m @ 1.73 g/t Au. Further infill drilling is required to increase confidence for an indicated open pit resource (<50m deep). Primary Reef structure along the Greys anticline “saddle reef” returned encouraging intercepts from 289 to 303m (See Figure). Further diamond drilling is required to assess potential for parallel reefs or repeat saddle structures below 250m.



3D Model of Greys Reef at Wilson Hill

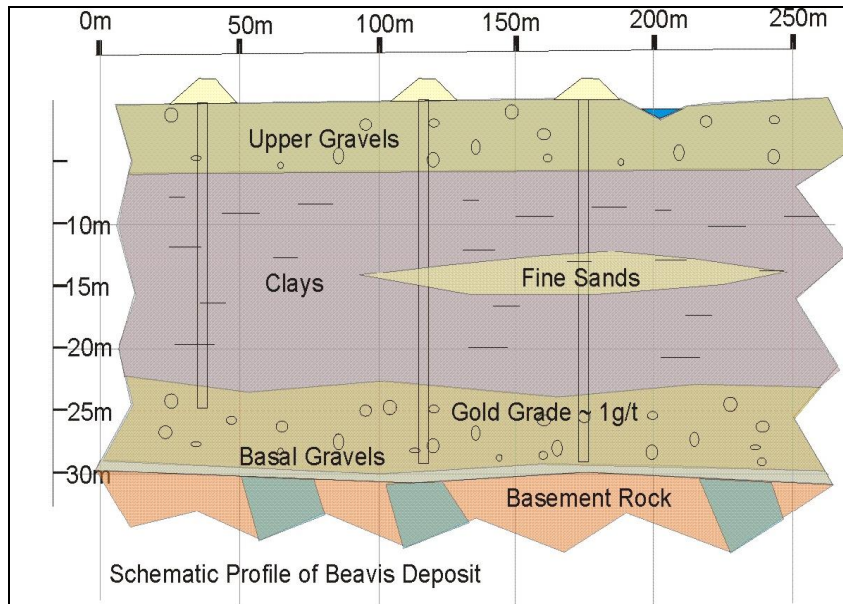
Avoca EL4936

The Avoca project covers the Percydale fault zone. This area has produced gold from numerous narrow vein deposits. The Company intends to complete soil sampling and mapping across the broader Avoca Exploration licence area in order to determine if there are prospective areas at which to target future drilling.

Research into the mining history has assisted in identifying several new drill targets and Work Plans have been progressed to allow for drilling. Further alluvial targets exist within the Exploration Licence and drilling to add to the existing Beavis resource is planned.

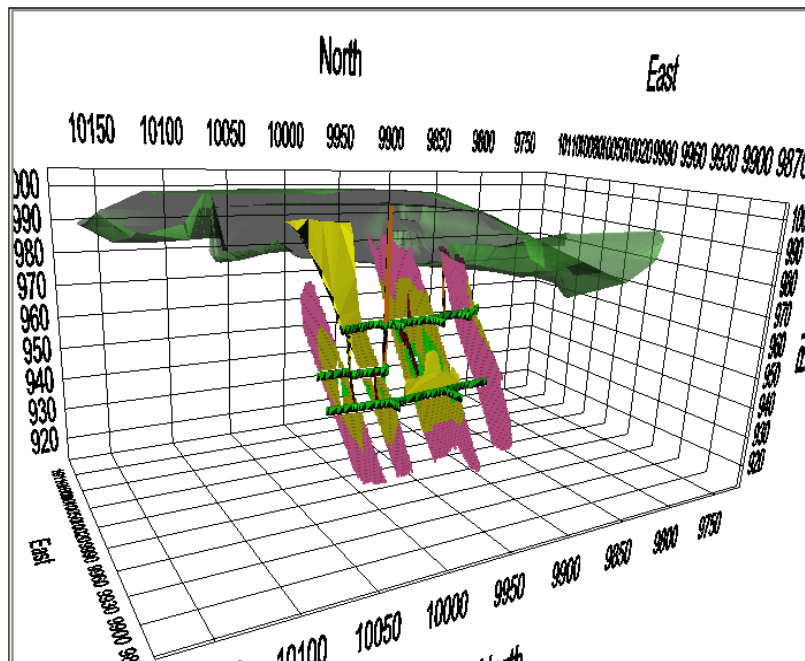
Beavis WA1395

A large Tertiary aged alluvial channel deposit exists on the Company's wholly owned private land with white gravels, sands and clays in a deposit over a length of 1 Km, a depth of 30 metres and a width of several hundred metres. A drilling program to ascertain the extent and type of material in the channel has been completed and results released. The program revealed ~2 million cubic metres of high quality gravel and sand which contains an Inferred Resource of 33,700 ounces of Gold.



Fiddlers Creek MIN4023 and MIN4548

The company holds title to the Fiddlers Creek gold mine MIN 4023 and adjacent MIN 4548. In respect of Fiddlers Creek MIN 4023, a re-logging and re-assay program on old drill core, has revealed a significant down dip extension to the ore within the existing inferred resource area of the Mine. This study has produced a continuous mineralised zone within Fiddlers Creek Shear that extends for almost 200 metres from Slate Quarry Track and south of the adit. The model recognises the effects of later west-northwest trending cross faults to the present occurrences of hanging wall and footwall mineralised zones.



3D Model of Fiddlers Creek Mine and Resource Blocks

Inglewood Gold Operation - Victoria

The Inglewood project which has been sold subject to shareholder approval is based around the Maxwell's Mine and Gold Processing Plant at Inglewood.

The Inglewood gold processing plant was constructed in 2008 and is capable of processing competent underground ore and lower grade open pit ore. The plant has a nominal capacity of 15-20 tonnes per hour giving a minimum residence time of 24 hours. All gold recovered is extracted by gravity and cyanide leaching.

When the plant was first constructed it was a gravity separation plant only. The plant has been undergoing continuing improvement since it was first constructed. In 2010 a CIL/CIP module was installed and two ball mills were added in 2011. This has resulted in much greater control on grind and density, and has allowed the grinding and the CIL/CIP circuit to operate successfully.

GBM has gold processing plants at Inglewood and Fiddlers Creek. The company has focused its operations at Inglewood and upgraded the Inglewood plant utilising significant elements of the Fiddlers Creek plant. The Fiddlers Creek Cone Crusher replaced a Hammer Mill as the secondary crusher at Inglewood and provides a more reliable and higher capacity unit. The higher throughput Fiddlers Creek Ball Mill replaced No1 Ball Mill at Inglewood.

Additional upgrades, including to pumps, carbon handling, acid wash and gold room including a new Gemeni Table were completed. The five Carbon in Pulp tanks and ancillary equipment were refurbished and the capacity of the Tailings Dam increased. The plant was returned to operation in May with 10,000 tonnes of ore in stockpiles at the plant ready to be processed. A total of 1,400 tonnes of ore had been processed since the plant returned to operation.



Ball Mill relocated to Inglewood from Fiddlers Creek



Cone Crusher

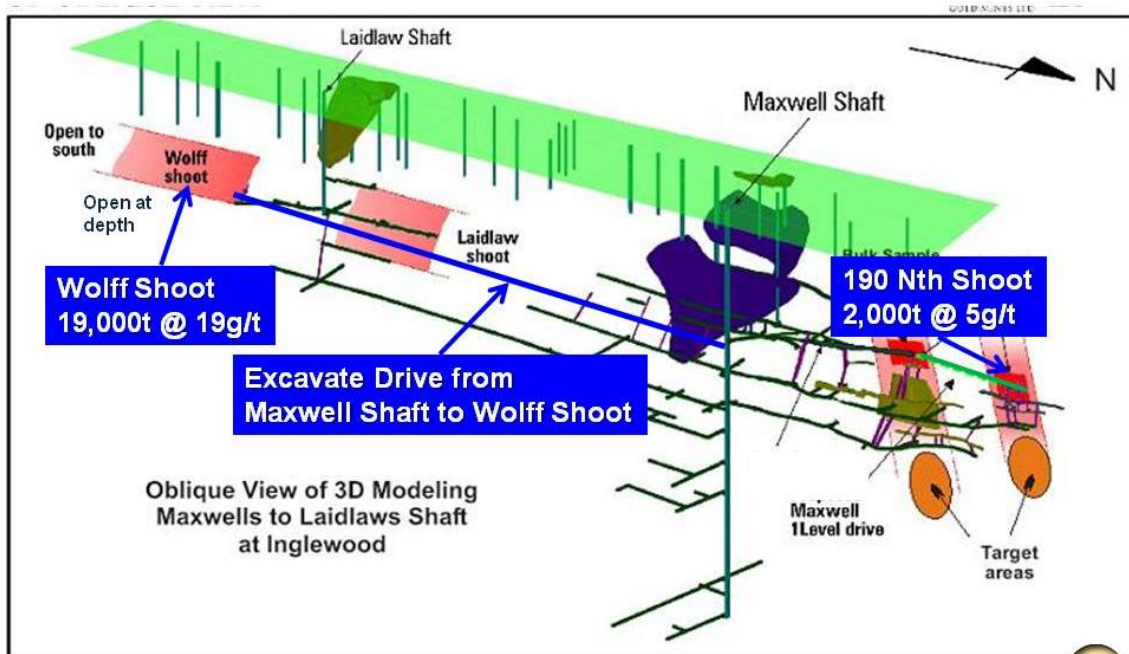


Gemeni Table

Maxwell Mine Inglewood

Underground mining operations at the Maxwell Mine recommenced at the Level 1, 190 metre ore shoot. Stopping has now stopped because only anomalous values had been received even though the laminated quartz vein contains pervasive sulphide mineralisation. A decision has been made to concentrate on Wolff Shoot.

Work is advanced on accessing Wolff Shoot. It is planned to drive from the Maxwell's mine shaft to Wolff Shoot at the 100 metre level and determine the viability of mining Laidlaw's shoot as it is adjacent to the drive.

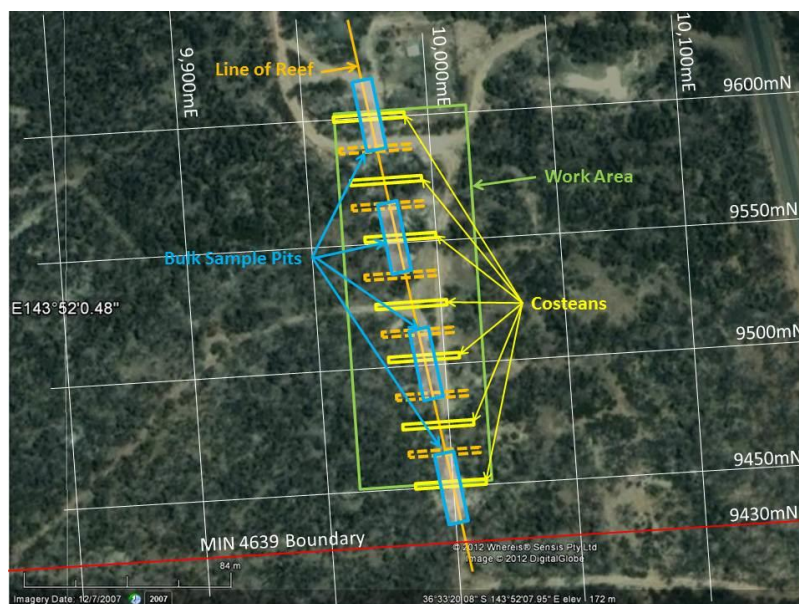


Maxwell Mine showing Wolff Shoot and Current Development Area

Laidlaw South Open Pit Project Inglewood

This project is on the Inglewood Mining Licence. A costean program was completed to identify and sample surface expressions of the Laidlaw South line of Reef (Eastern flank) and further West towards the Comisky line. The costean program successfully intersected both alteration zones. A particular area of interest was south of 9,500mN along the eastern shear striking a distance of 10m for a width of 6.2m.

All costeans were sampled at metre intervals. Approval is being sought to undertake a bulk sample program where mineralisation extends to surface in the southern (9,450mN) area of Laidlaw's South. This has been identified by costeans as the near surface expression of Wolff Shoot.

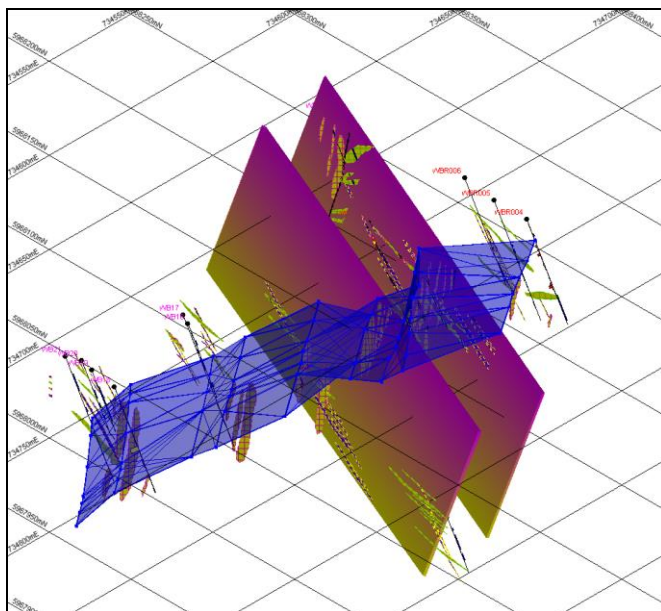


Laidlaw's South Exploration Area

Wedderburn (Gowks Hill) EL3800 & MIN App 5425

This project is part of the Inglewood sale. The Gowks Hill deposit has been drilled along 300 metres of strike and to 50 metres depth; mineralisation remains open at depth. An Inferred Resource of 102,000t at 2.0 g/t Au has been defined.

Granting of a mining licence has been progressed with a Native Title Agreement being reached. Approvals have been finalised to mine a 5,000 tonne bulk sample. All mined ore from Gowks Hill will be processed at the Inglewood Gold Processing Plant.



Gowks Hill Deposit, Wedderburn

Corporate

Ephraim Resources Ltd provided \$300,000 to GBM Gold to progress the Harvest Home bulk sampling program and for working capital purposes.

Wilshire Asset Management has provided \$508,000 in loan funds during the quarter to support the Inglewood operation. These loan funds will be repayable by Inglewood and not by GBM following the expected sale of Inglewood.

Proceeds from the sale of Inglewood are expected to support the planned cash outflows for the next quarter.

END

Company Information

Directors

Eric Ng (Chairman)

John Harrison (Chief Executive Officer)

Paul Chan (Non-executive Director)

Linda Lau (Independent non-executive Director)

Andy Lai (Non-executive Director)

Andrew Chan (Non-Executive Director)

Company Secretary

Andrew Chan

Registered Office

2H Thistle St, Bendigo, Vic 3550

Telephone: 03 5445 2300

Facsimile: 03 5444 0036

Auditors

Moore Stephens

Level 10, 530 Collins St

MELBOURNE, VIC 3000

Share Registry

Computershare Investor Services Pty Ltd

Telephone: 1300 85 05 05

Stock Exchange Listing

Australian Stock Exchange Code: GBM

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

GBM Gold Ltd

ABN

59119956624

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12months) \$A'000
1.1	Receipts from product sales and related debtors	35	35
1.2	Payments for (a) exploration & evaluation	(74)	(74)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(233)	(233)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	(379)	(379)
	Net Operating Cash Flows	(650)	(650)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(138)	(138)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(138)	(138)
1.13	Total operating and investing cash flows (carried forward)	(788)	(788)
1.13	Total operating and investing cash flows (brought forward)	(788)	(788)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	808	808
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (refer 1.25 below)	-	-
	Net financing cash flows	808	808
	Net increase (decrease) in cash held	20	20
1.20	Cash at beginning of quarter/year to date	30	30
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	50	50

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	50
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions 1.16 relates to loan funds received during the September quarter from Ephraim Resources Ltd for GBM Gold working capital purposes and Wilshire Asset Management S.A for Inglewood Gold Mining Company care and maintenance costs.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	5,270	5,270
3.2 Credit standby arrangements	-	-

Notes to financing facilities available - Loan facilities 3.1: Under 3.1 "Loan Facilities" included are the amounts of (i) \$3,000k loaned from Maradox Pty Ltd in November 2011 which is to be repaid via the supply of 55kg of gold bullion; (ii) \$375k loaned from Sterlington Resources to GBM Gold Ltd ('GBM') but contracted to be converted to shares in GBM [but not yet converted]; (iii) \$200k loaned from United Bright Investments Pty Ltd to GBM which are yet to be converted to shares or repaid (iv) \$750k loaned from Wilshire Asset Management that can be converted into equity in the subsidiary Inglewood Gold Mining Company Pty Ltd during the period 1/7/14 to 31/12/14, (v) \$508k loaned from Wilshire Asset Management that has been provided for care and maintenance purposes in the subsidiary Inglewood Gold Mining Company Pty Ltd and (vi) \$300k that has been loaned from Ephraim Resources Ltd for working capital purposes of GBM.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	50	30
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	50	30

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	EL4999 Replaced by EL5527 EL5029 Replaced by EL5528 EL4184 Replaced by EL5529 EL4670 Replaced by EL5529 MIN4001 Relinquished	100% 100% 100% 100% 100%	0% 0% 0% 0% 0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	EL5527 Replaced EL4999 EL5528 Replaced EL5029 EL5529 Replaced EL4184 & EL4670	0% 0% 0%	100% 100% 100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	832,784,944	832,784,944	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	165,000,000	165,000,000	\$0.00659
7.5	*Convertible debt securities (description)			

+ See chapter 19 for defined terms.

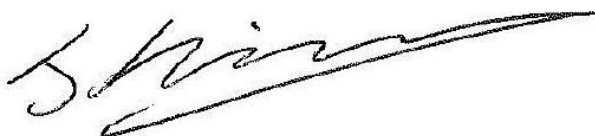
Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here:
(Director & CEO)

Date: 30 October 2014

Print name: John Harrison

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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